



# StoneX<sup>TM</sup>



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# USDA August Report Review

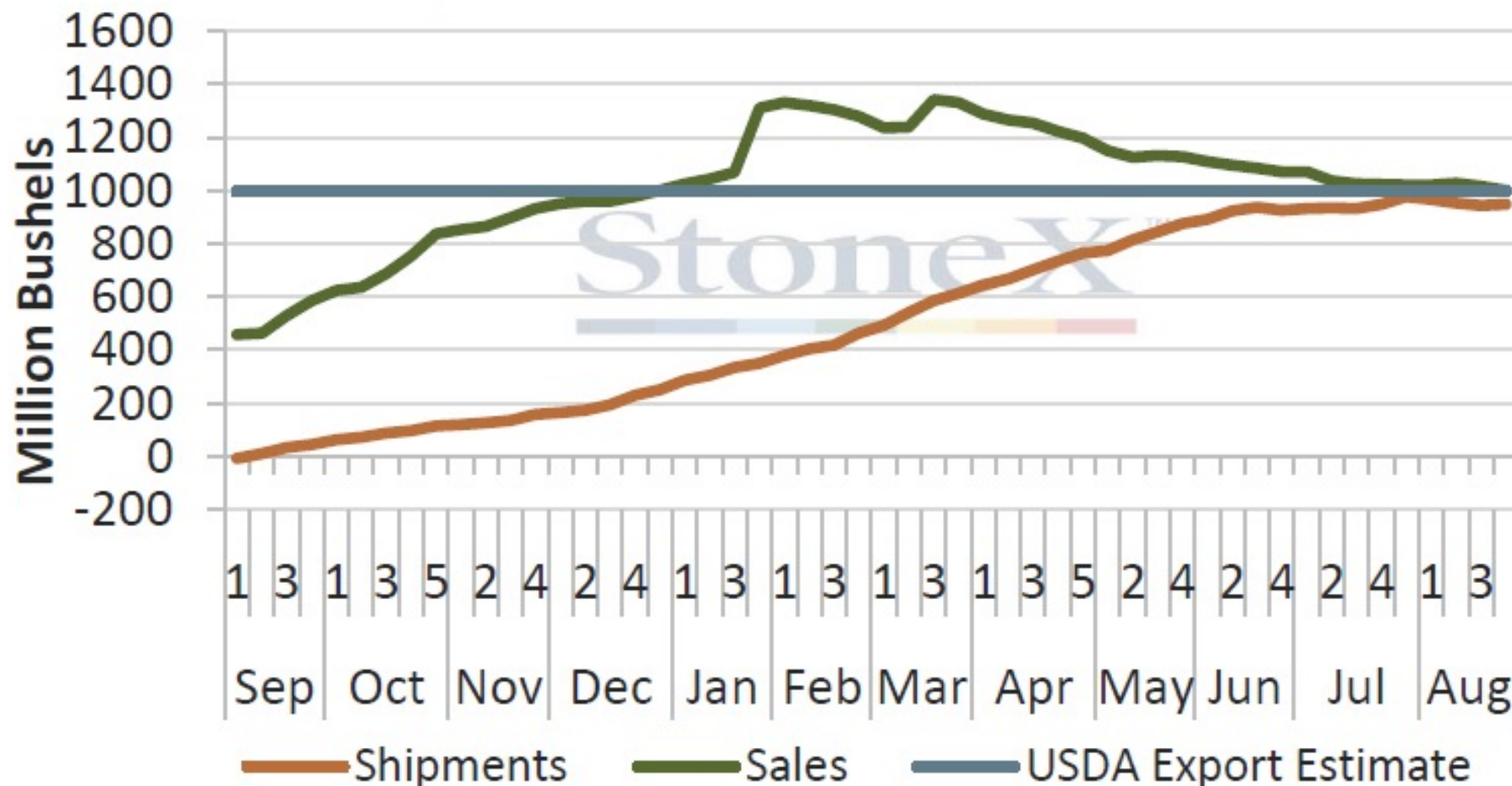


	JULY USDA 20/21	AUG USDA 20/21
Planted	90.8	90.8
Harvested	82.5	82.5
Yield	172	172
Carry-in	1919	1919
Production	14182	14182
<u>Imports</u>	<u>25</u>	<u>25</u>
Total Supply	16127	16127
Feed	5725	5725
Exports	2850	2775
Ethanol	5050	5075
<u>Other Ind</u>	<u>1420</u>	<u>1435</u>
Total Use	15045	15010
Carryout	1082	1117
CO/Use	7.2%	7.4%

Source: USDA

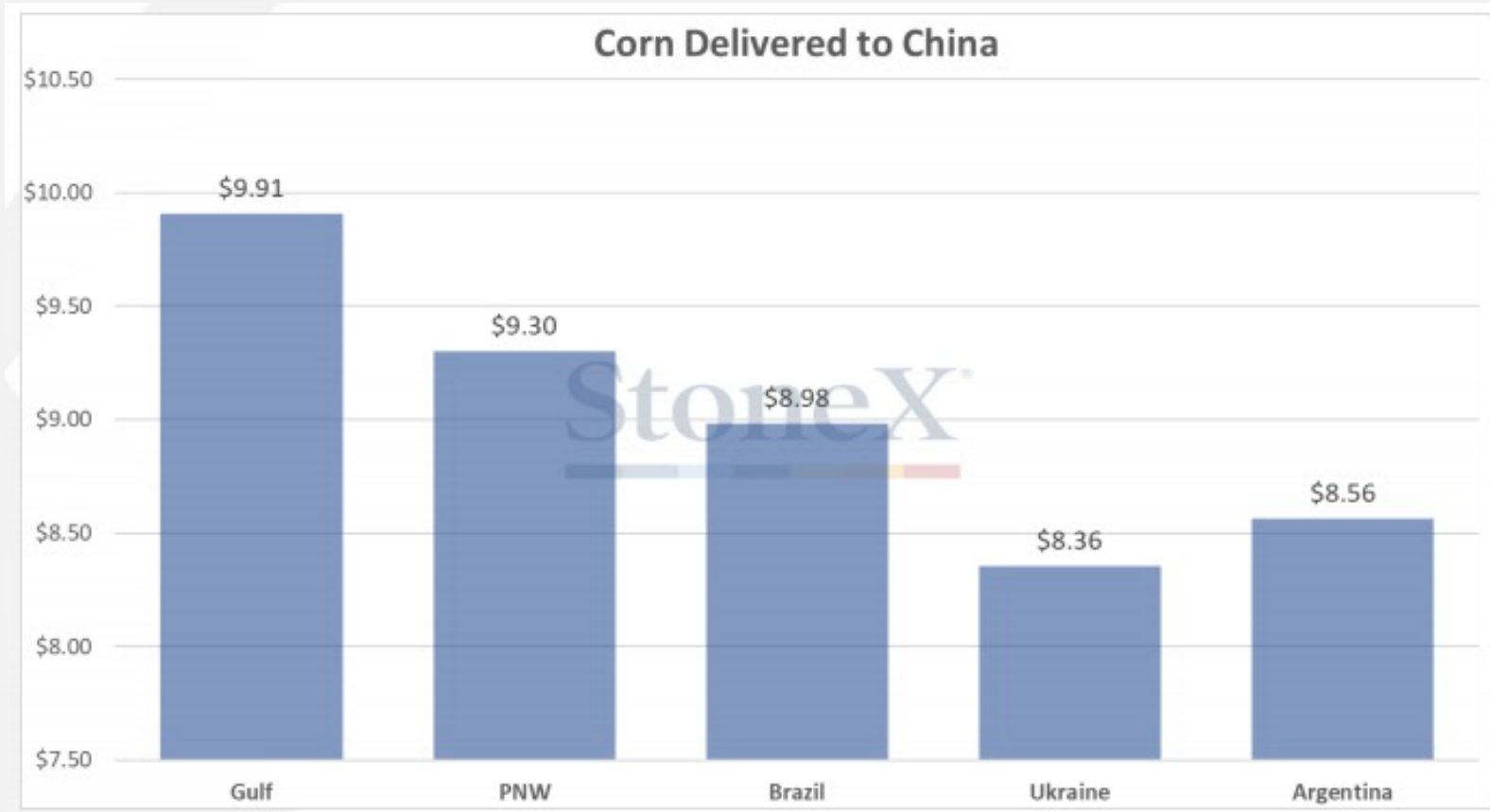


## U.S. Corn Export Net Difference Between 2019 and 2020



Source: USDA

# USDA July Report Review



Source: USDA

# Corn Acres Report Review



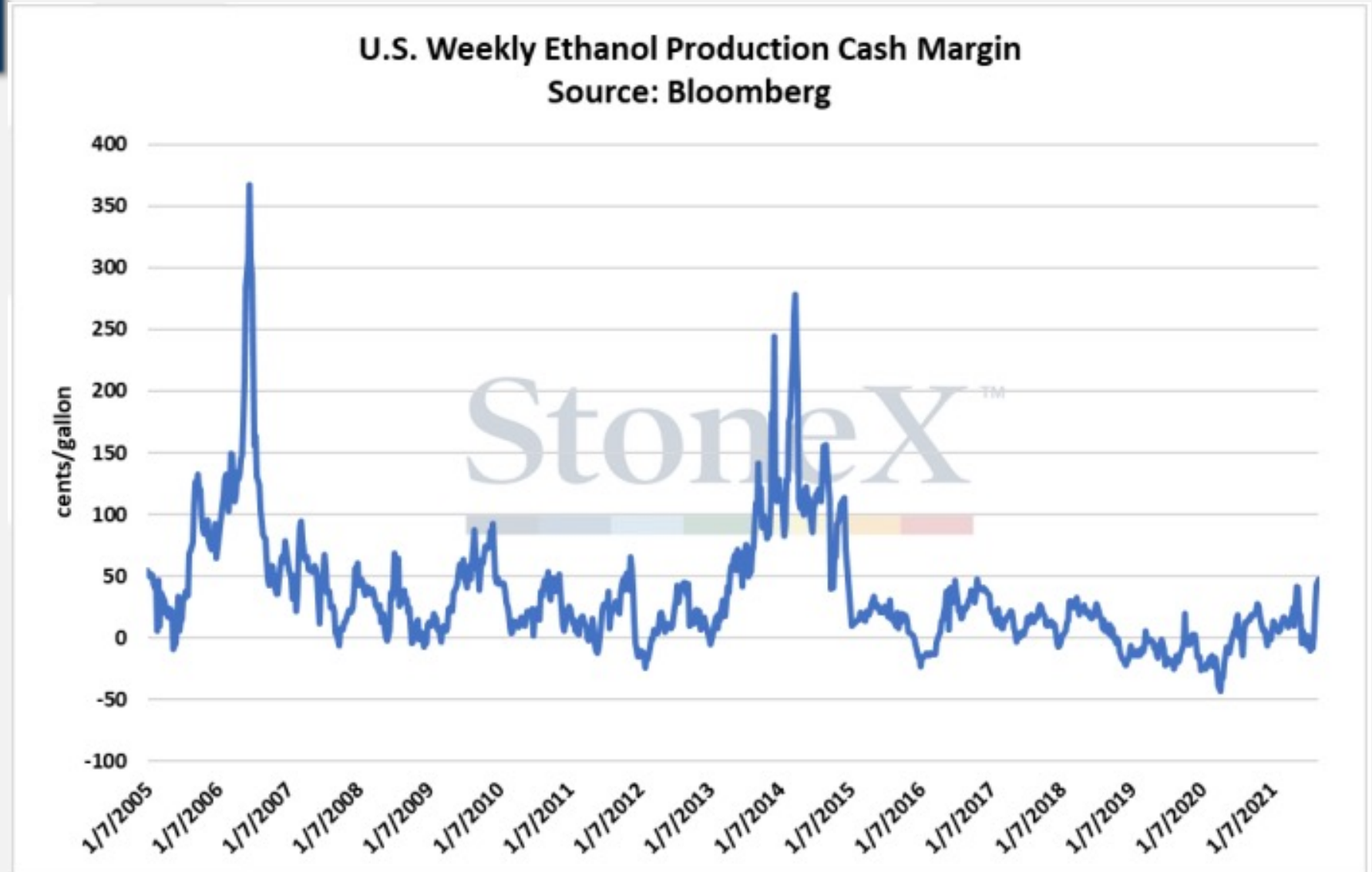
Source: USDA

# Corn Acres Report Review



Source: USDA

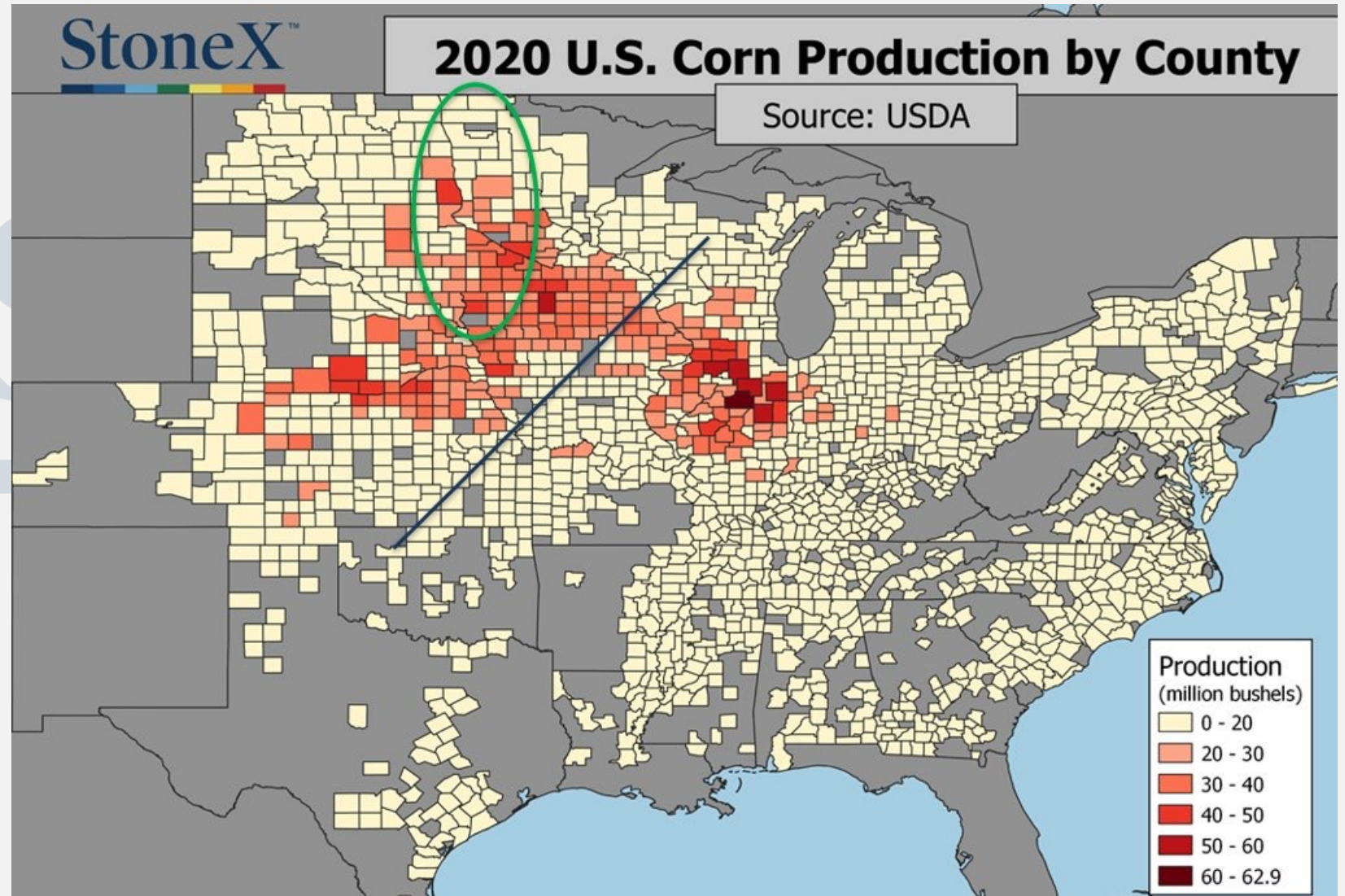
# Corn Acres Report Review



Source: USDA



# Corn Acres Report Review

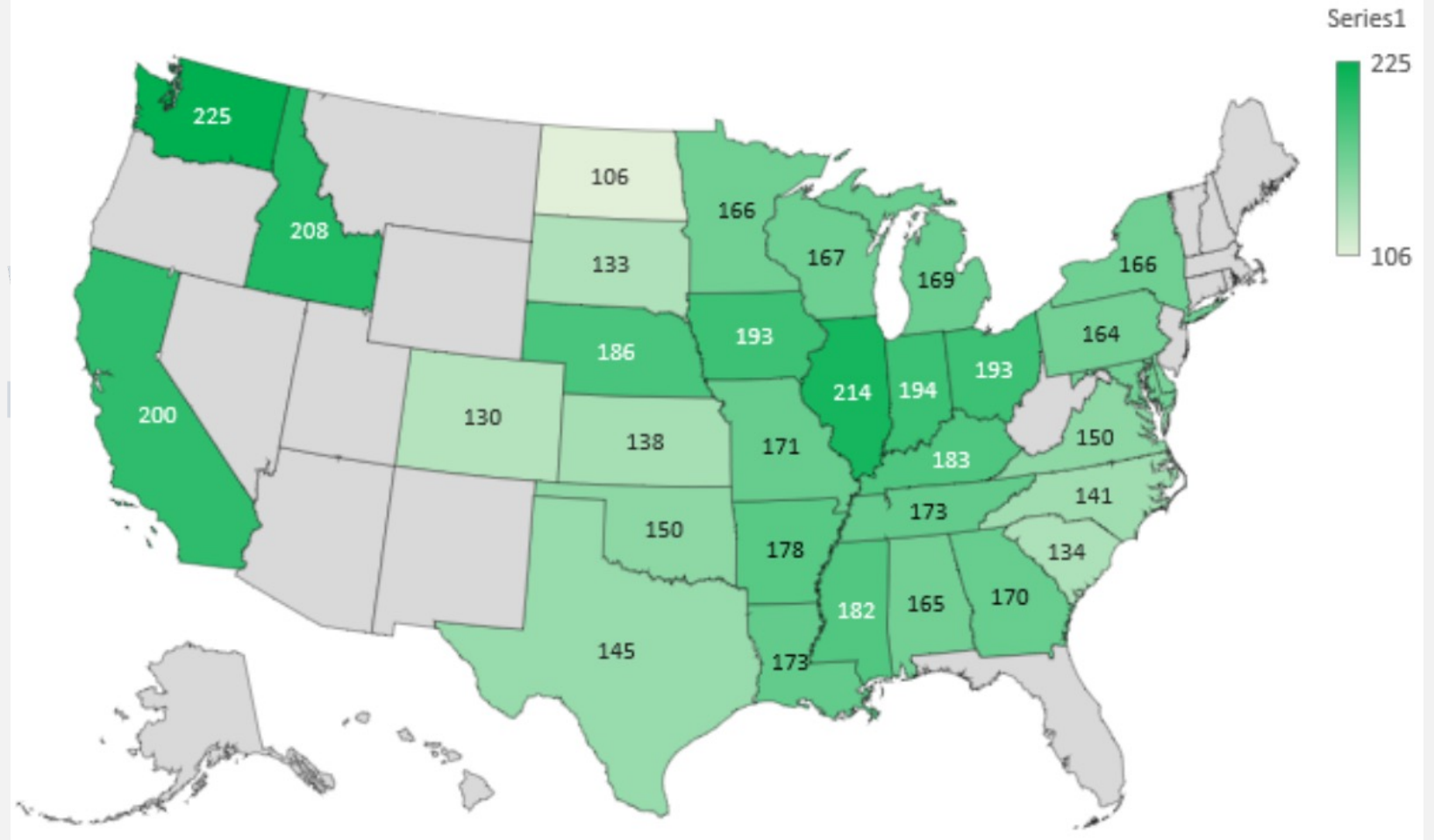


Source: USDA

# Corn Acres Report Review



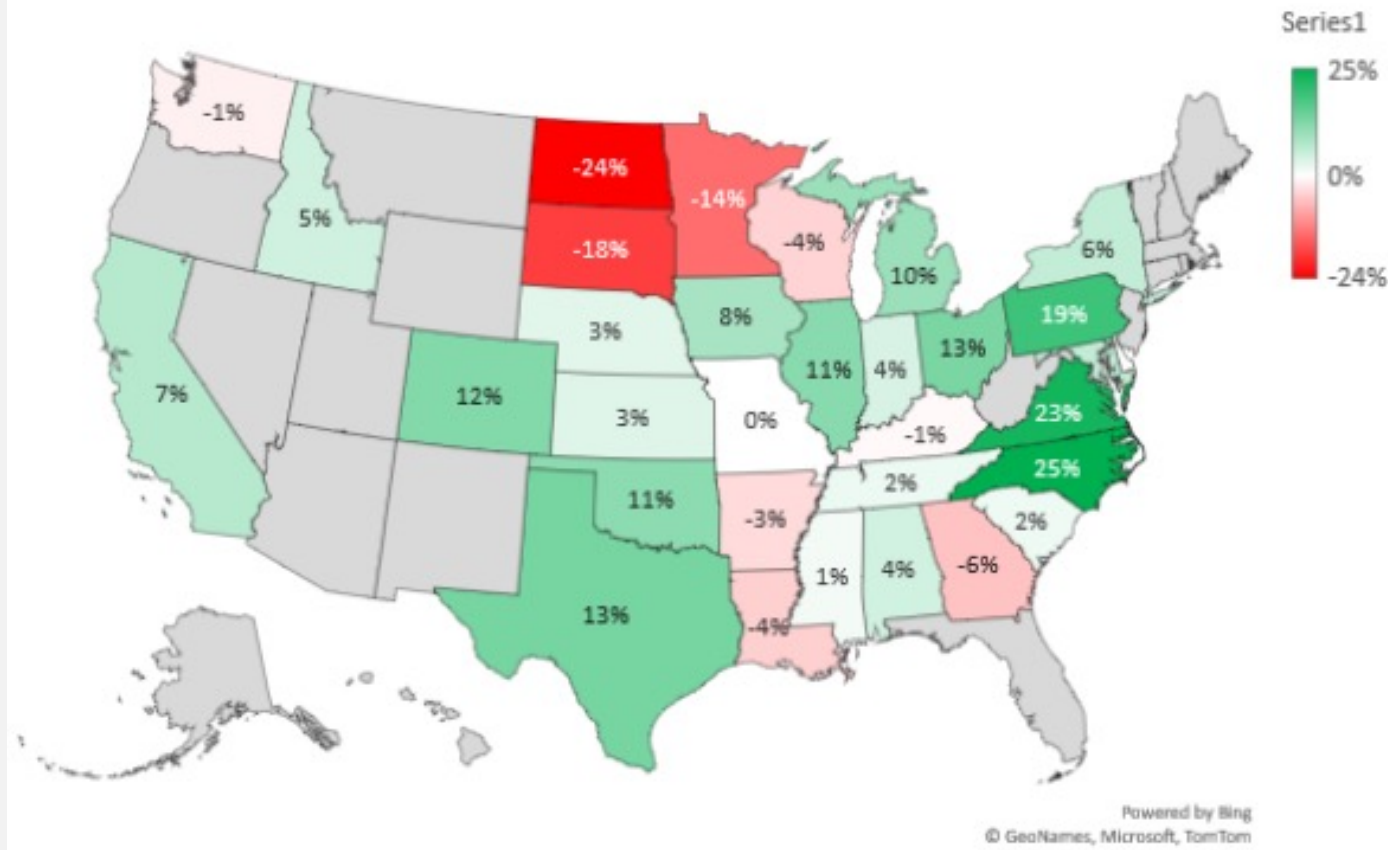
## USDA NASS August 2021 Corn Yield Estimate



# Corn Acres Report Review



Percent Change in Corn Yield: 2021 August USDA-NASS to Final 2020 Yield





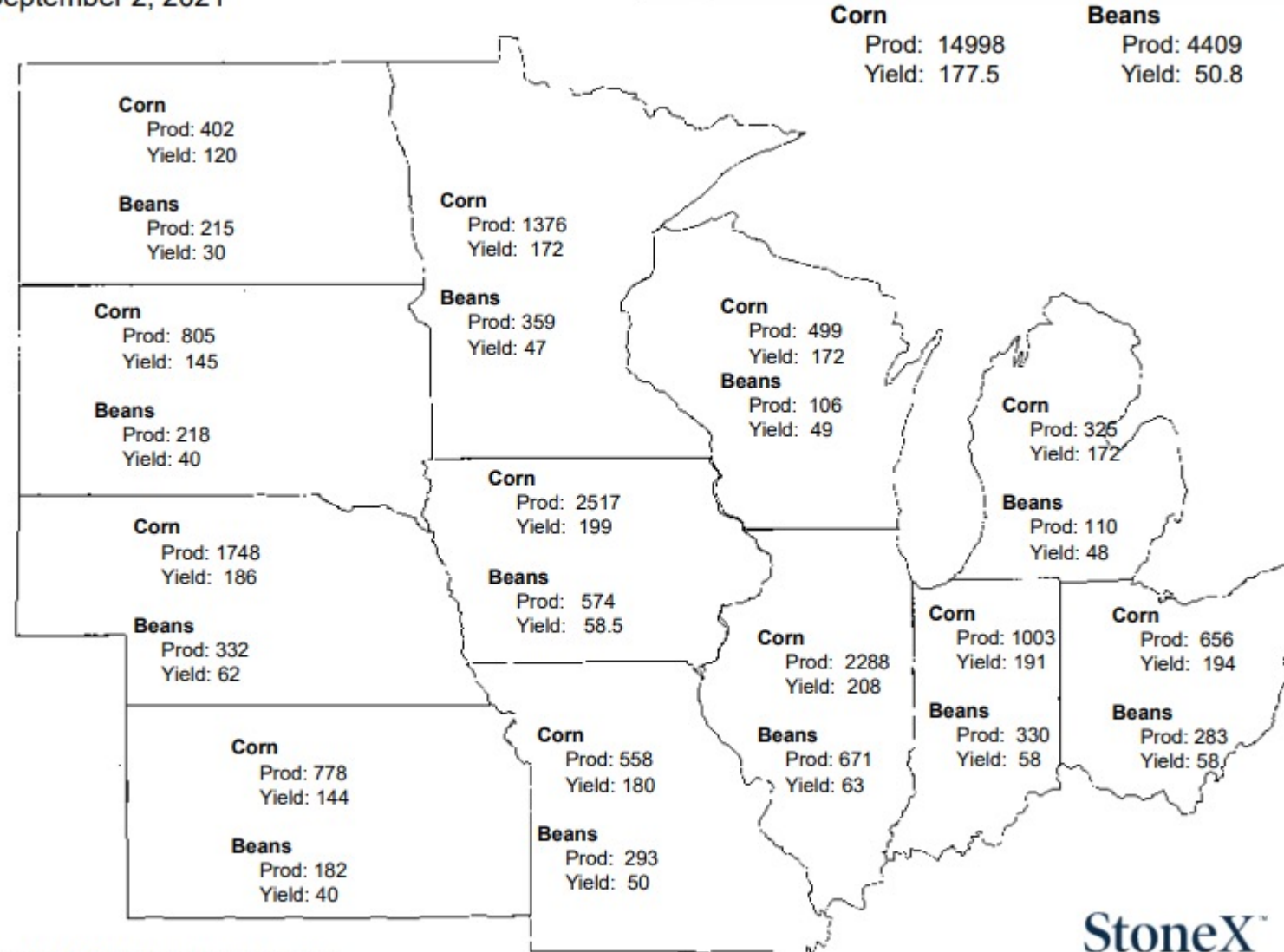
# Corn Acres Report Review



YIELD	CORN			SOYBEANS		
STATE	USDA AUG	StoneX AUG	StoneX SEP	USDA AUG	StoneX AUG	StoneX SEP
National	174.6	176.9	177.5	50	50	50.8
Illinois	214	203	208	64	61.5	58
Indiana	194	194	191	60	60	58
Iowa	193	199	199	58	57	58.5
Kansas	138	150	144	41	41	40
Michigan	169	162	172	48	47	48
Minnesota	166	181	172	43	47	47
Missouri	171	180	180	50	49	50
Nebraska	186	182	186	60	57.5	62
North Dakota	106	120	120	24	29	30
Ohio	193	192	194	58	57	58
South Dakota	133	145	145	39	40	40
Wisconsin	167	172	172	49	49	50

September 2, 2021

## September 2021 StoneX Survey



StoneX™

1. Estimate of USDA **Final** production number.
2. Assumes USDA harvested acres.
3. Assumes normal frost dates.

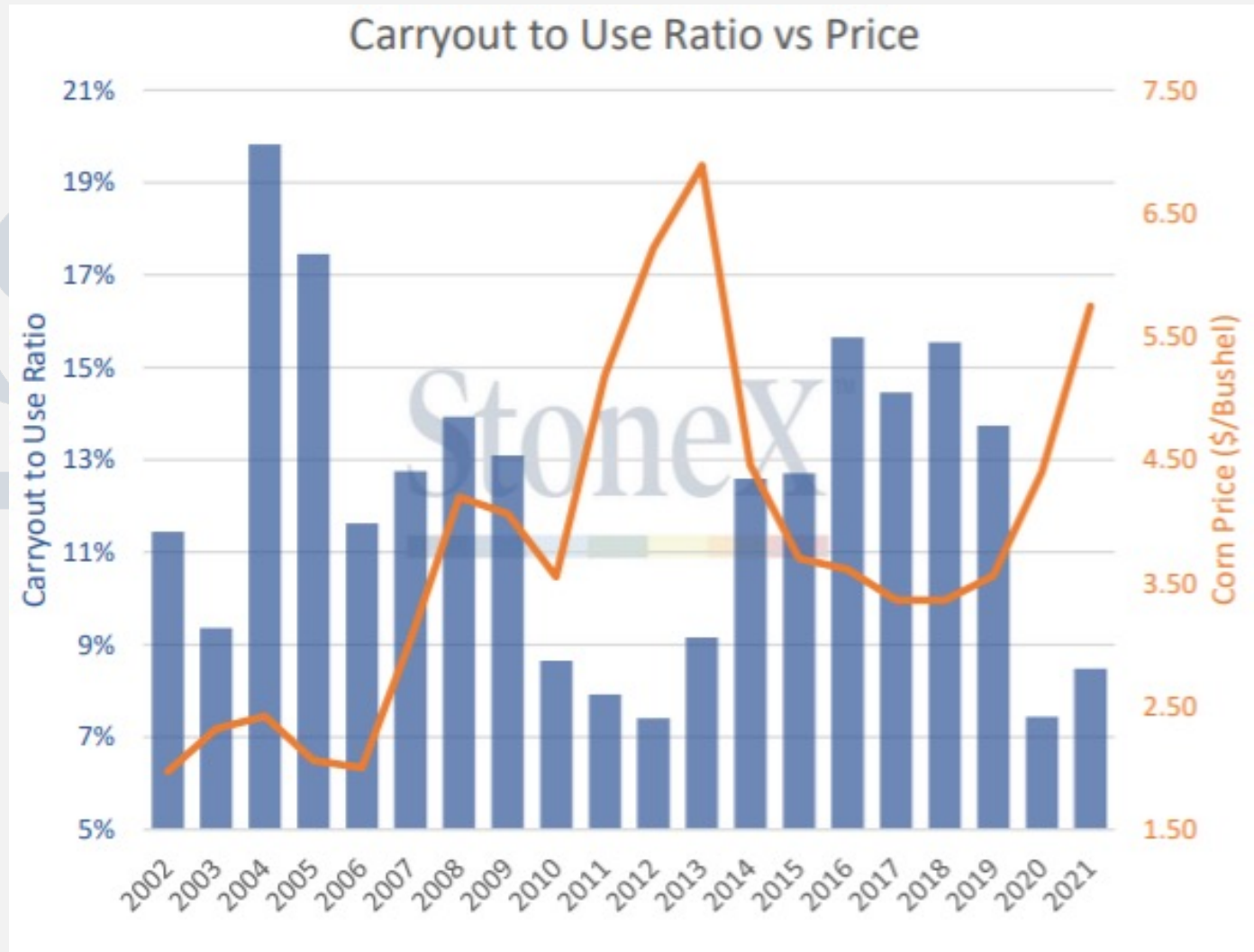
Source: USDA

# Corn Acres Report Review

	JULY USDA 21/22	AUG USDA 21/22	ALT 21/22	ALT 21/22
Planted	92.7	92.7	92.7	92.7
Harvested	84.5	84.5	84.5	84.5
Yield	179.5	174.6	172.0	177.5
Carry-in	1082	1117	1117	1117
Production	15165	14750	14534	14998
Imports	25	25	25	25
Total Supply	16272	15892	15676	16140
Feed	5725	5625	5625	5625
Exports	2500	2400	2400	2400
Ethanol	5200	5200	5200	5200
Other Ind	1415	1425	1425	1425
Total Use	14840	14650	14650	14650
Carryout	1432	1242	1026	1490
Carryout/Use	9.65%	8.48%	7.00%	10.17%

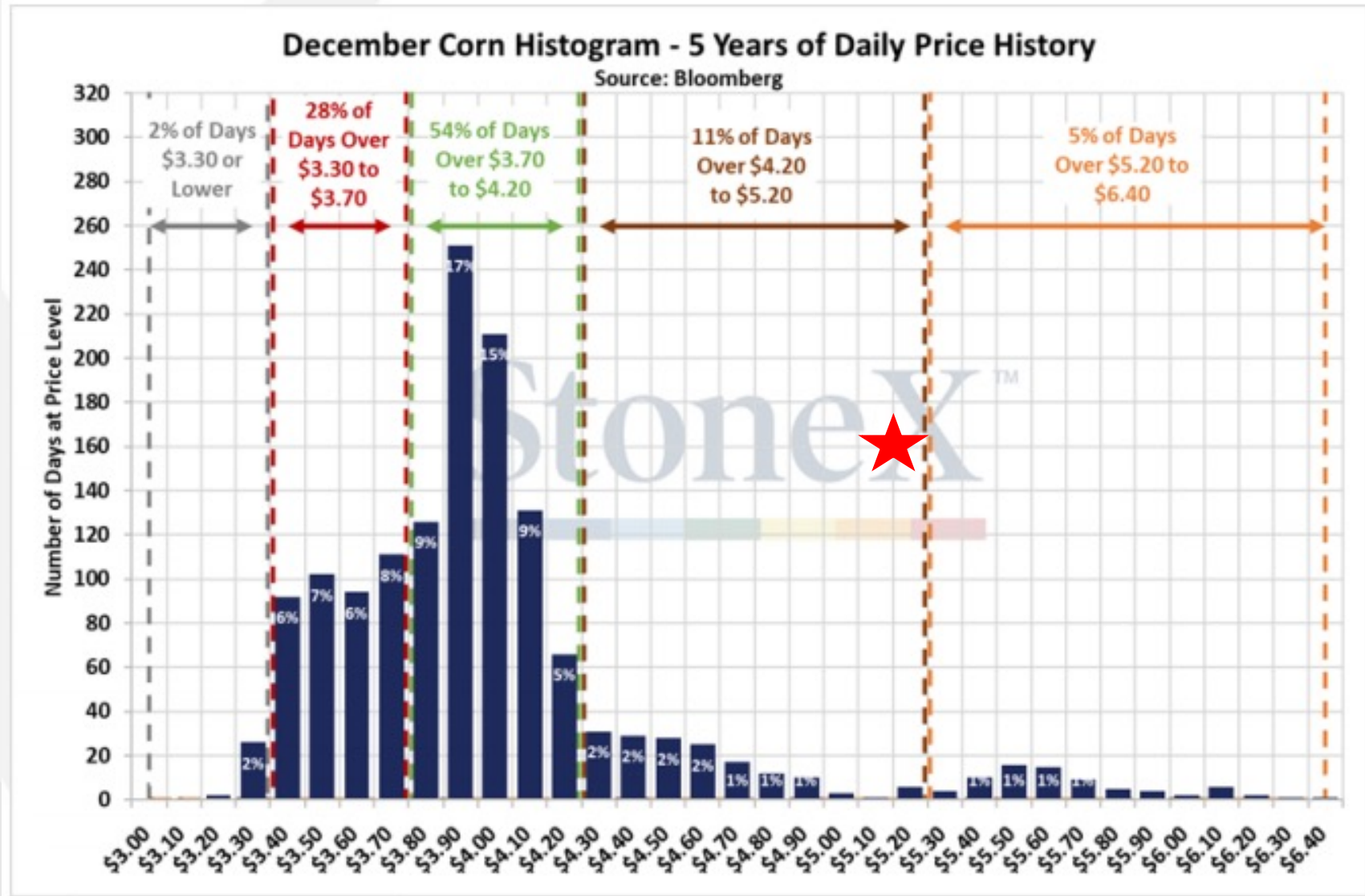
Source: USDA

# Corn Acres Report Review



Source: USDA

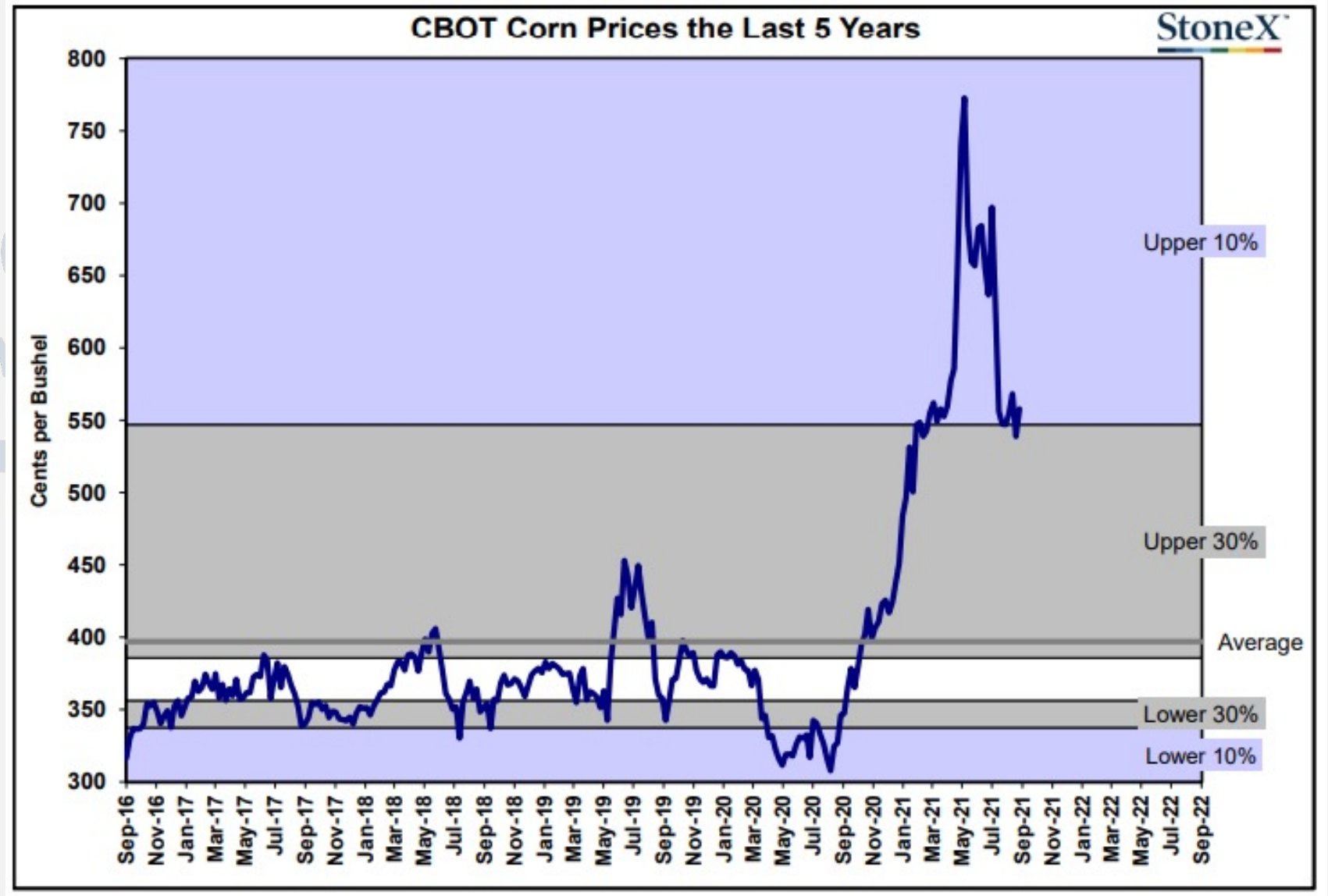
# Corn Acres Report Review



Source: USDA



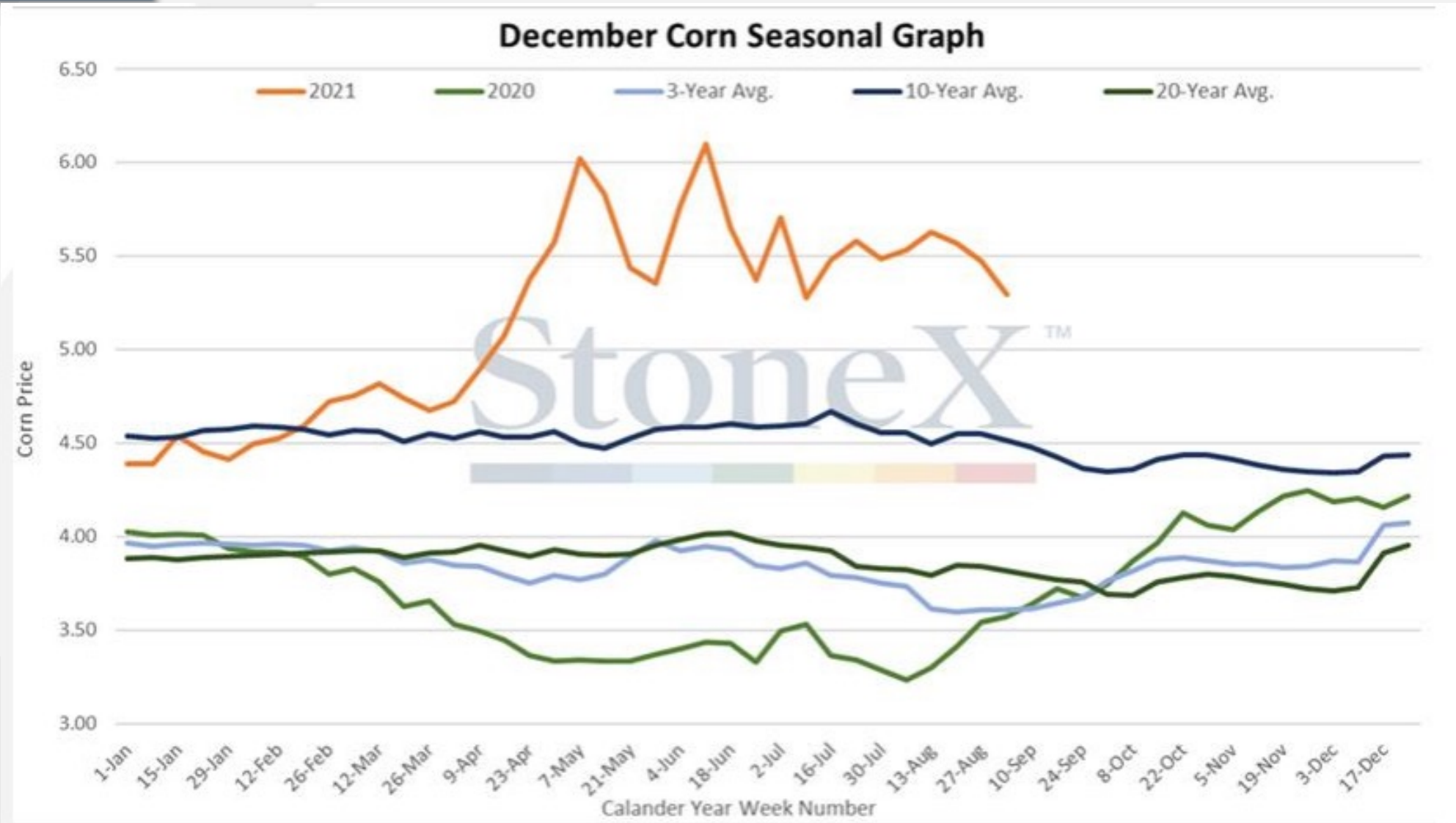
# Corn Acres Report Review



Source: USDA



# Corn Acres Report Review

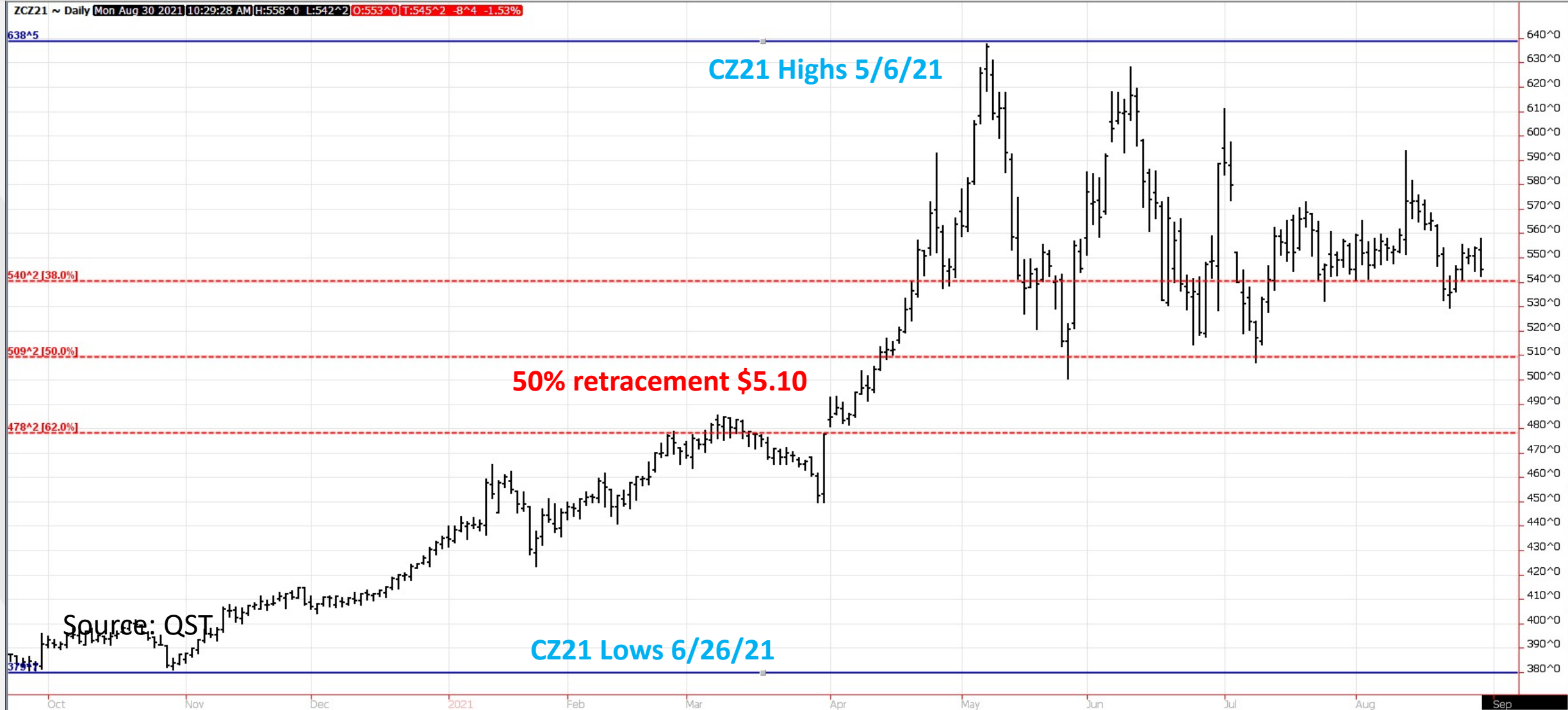


Source: USDA

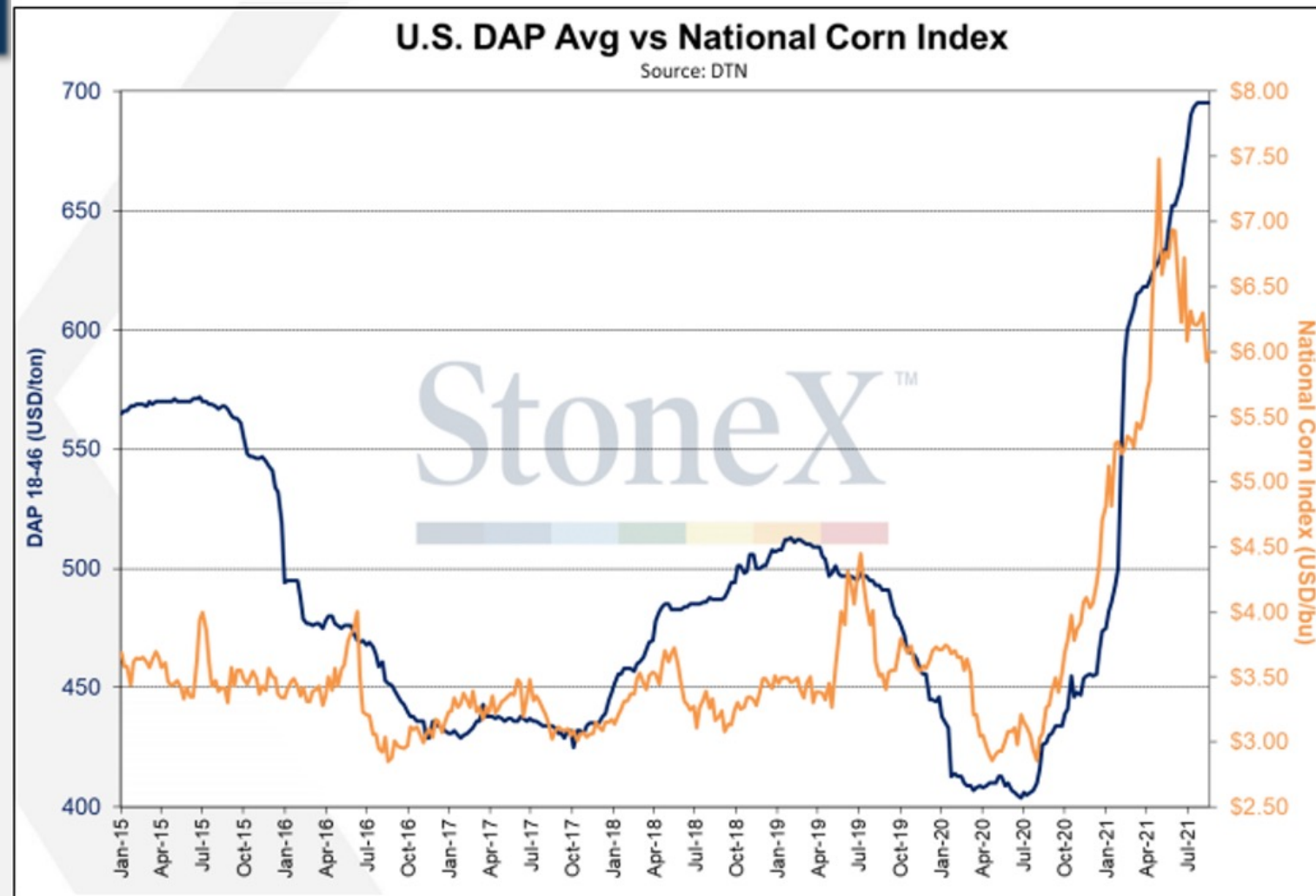
# Corn Acres Report Review



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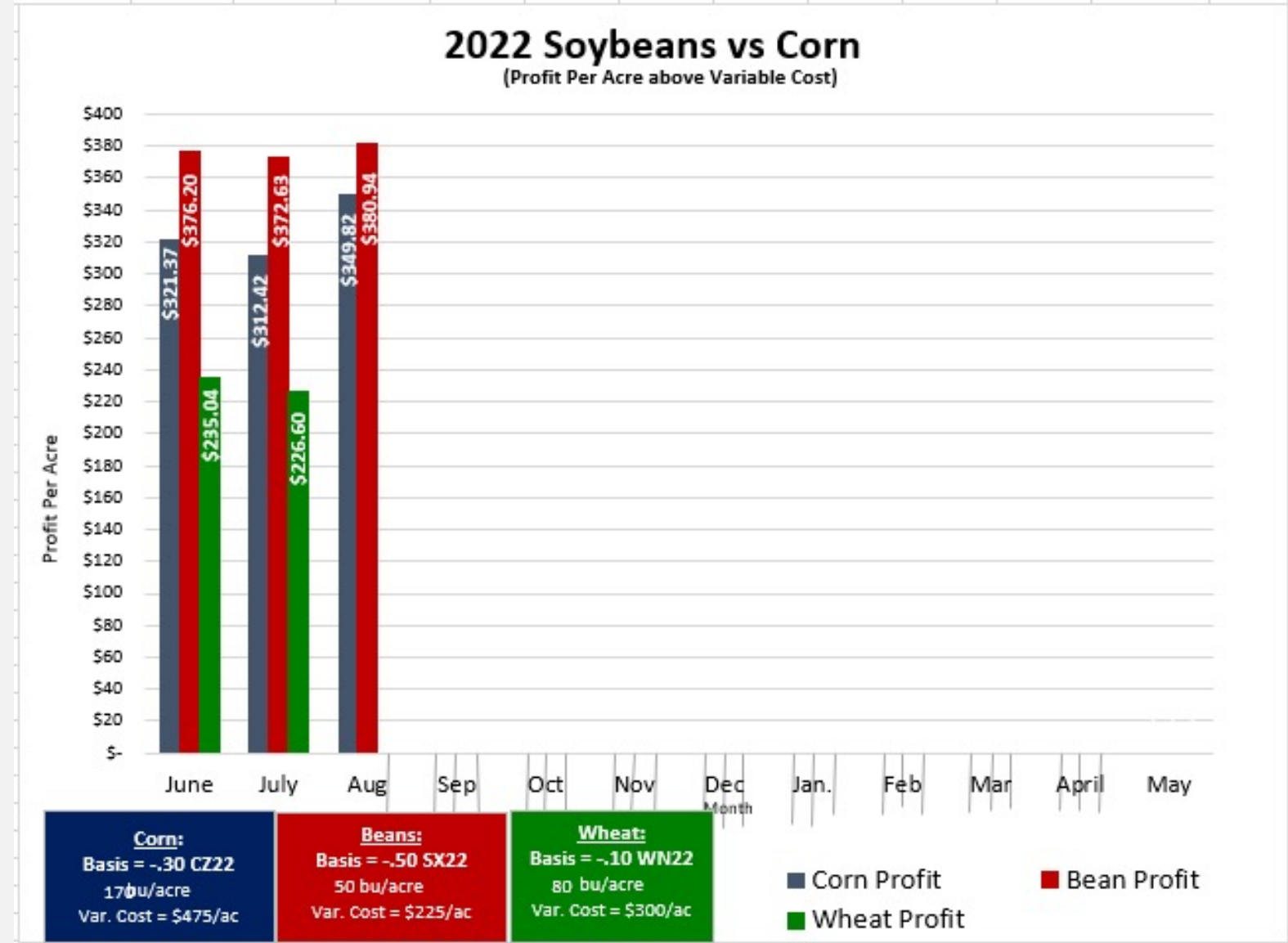


# Corn Acres Report Review



Source: QST

# Corn Acres Report Review



Source: QST

# BLANS Report Review

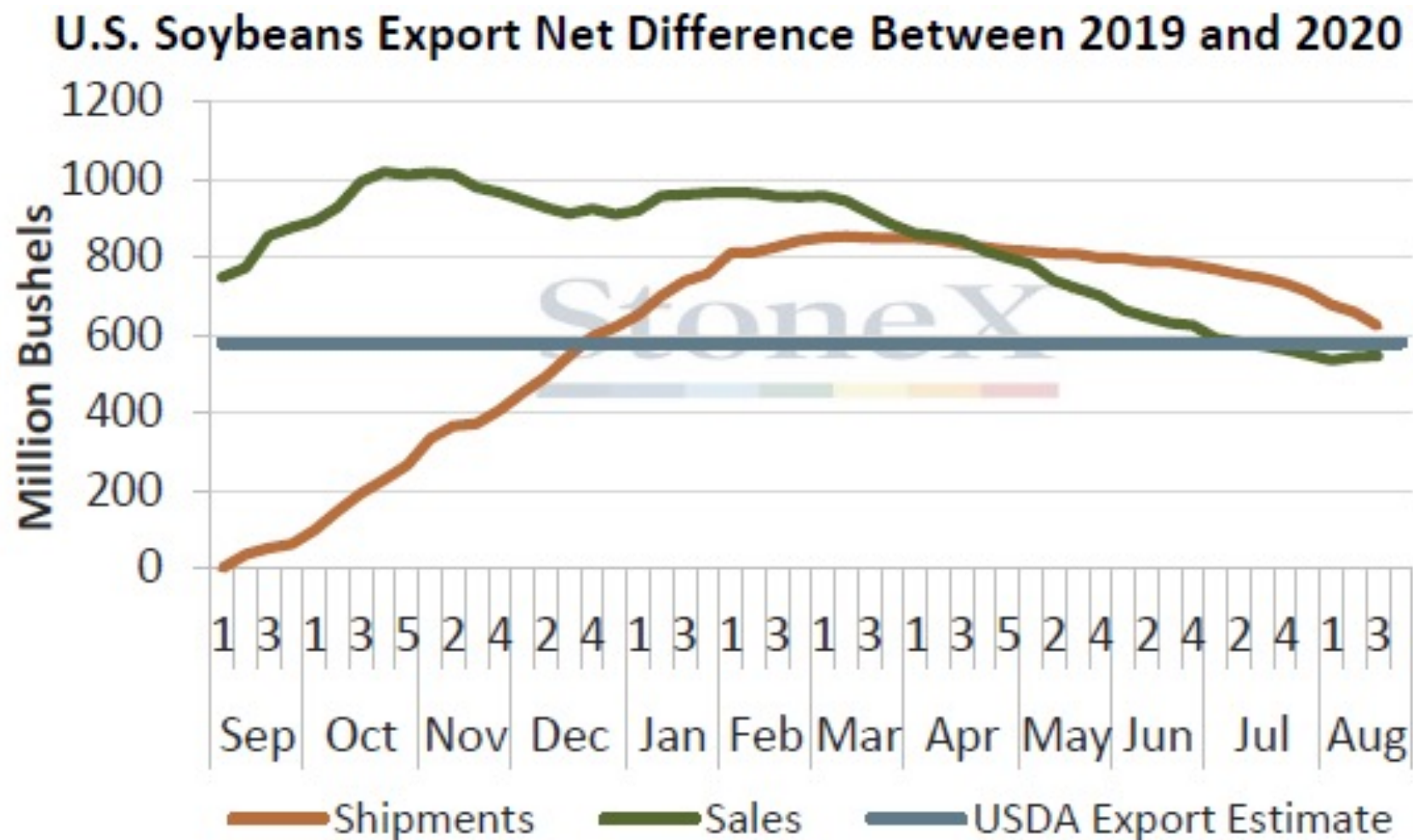


	JULY USDA 20/21	AUG USDA 20/21
Planted	83.1	83.1
Harvested	82.3	82.3
Yield	50.2	50.2
Carry-in	525	525
Imports	20	20
<u>Production</u>	<u>4135</u>	<u>4135</u>
Total Supply	4680	4680
Crush	2170	2155
Exports	2270	2260
Seed/residual	102	102
<u>Residual</u>	<u>4</u>	<u>4</u>
Total Use	4545	4520
Carryout	135	160
C/O to Use	2.97%	3.54%

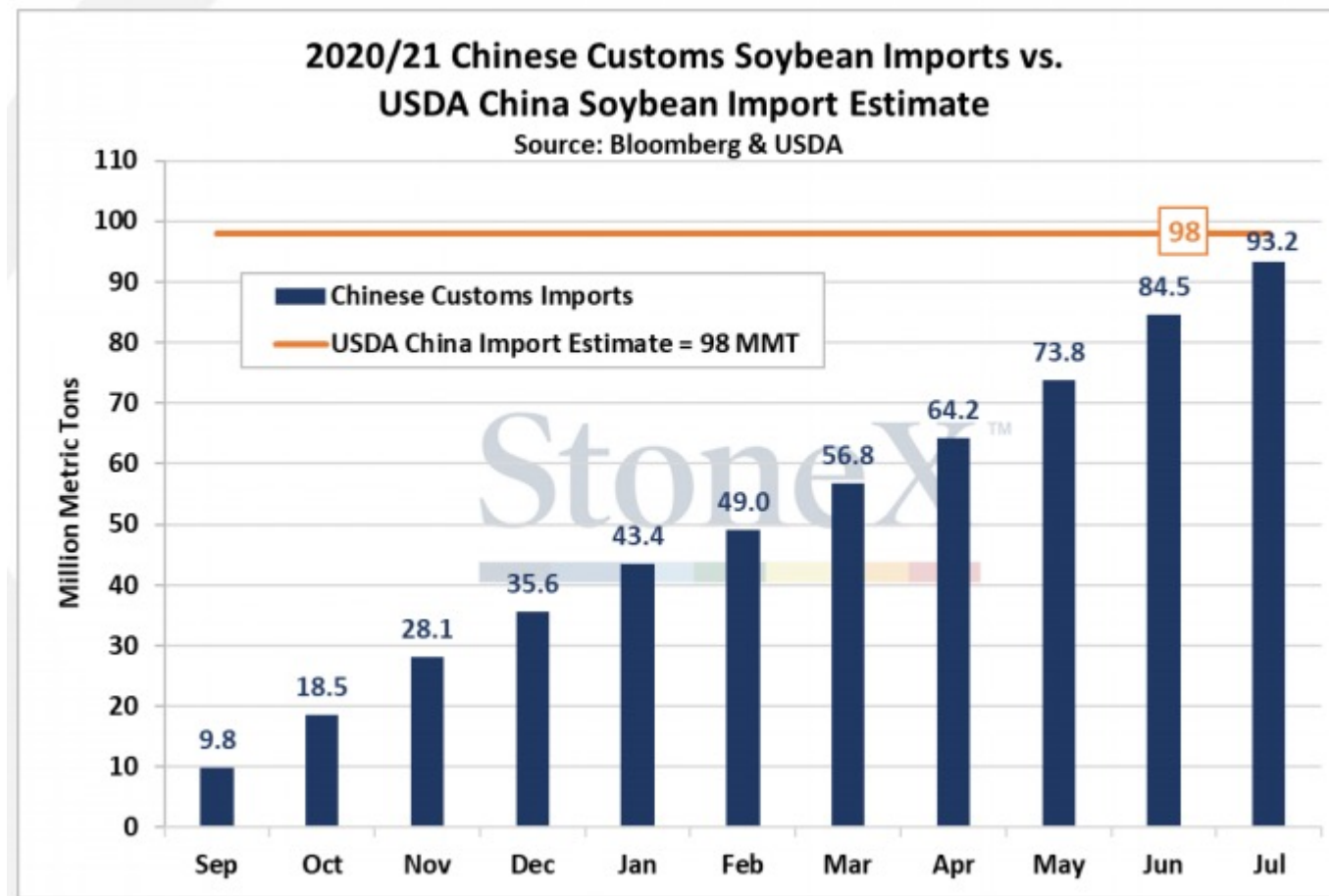
Source: USDA + Speaker Estimates



# Bean Outlook

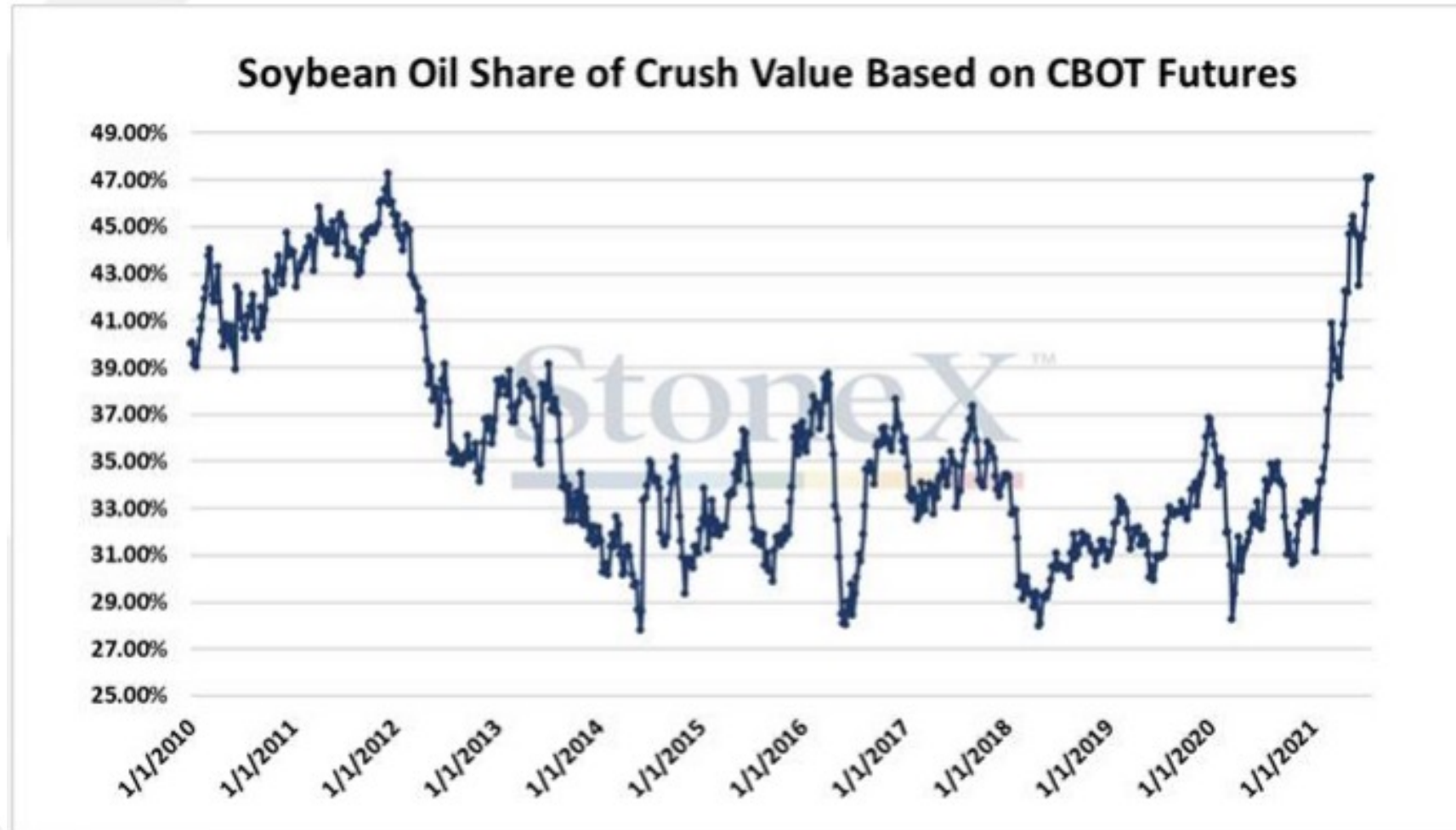


# Bean Outlook

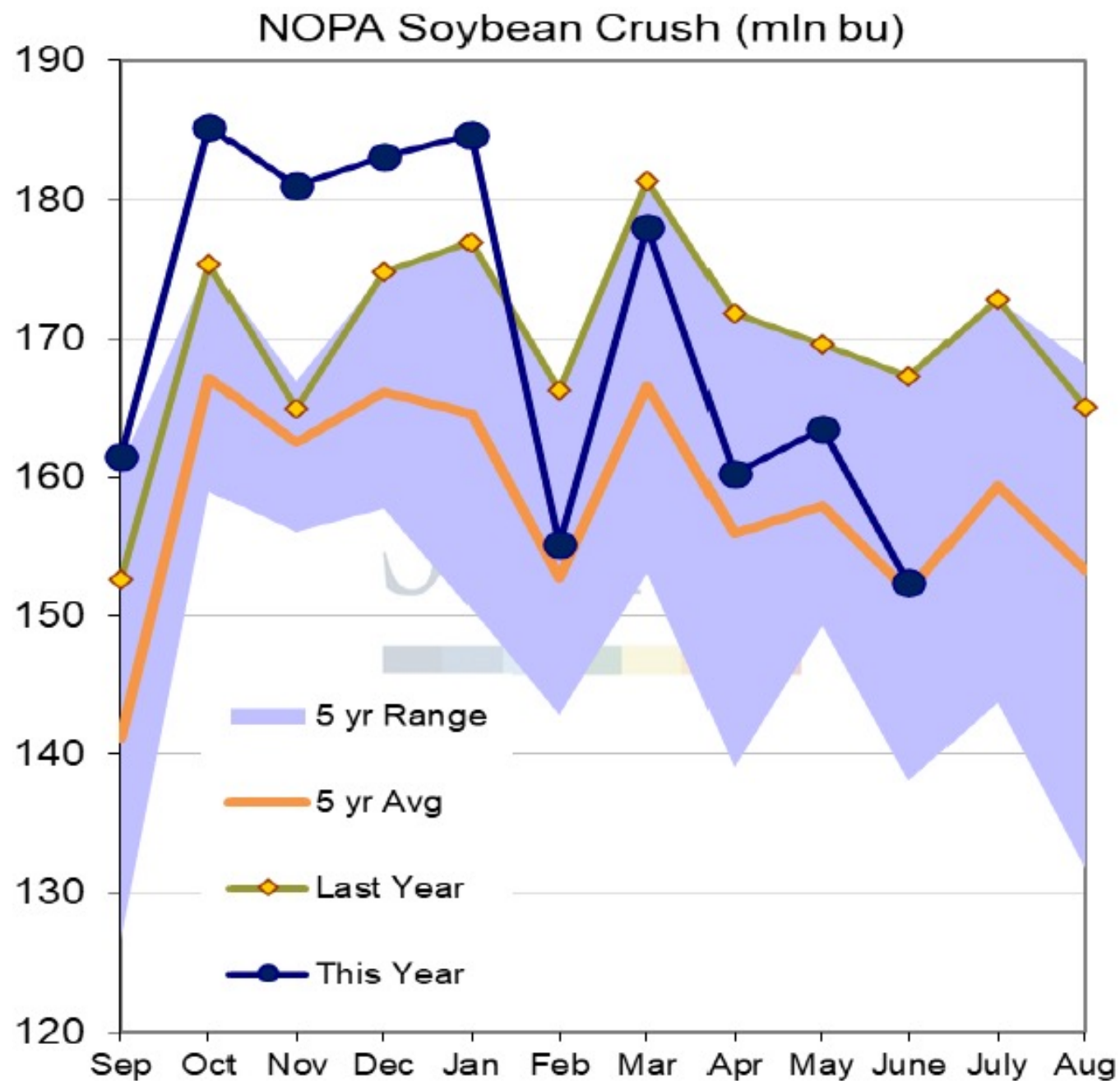




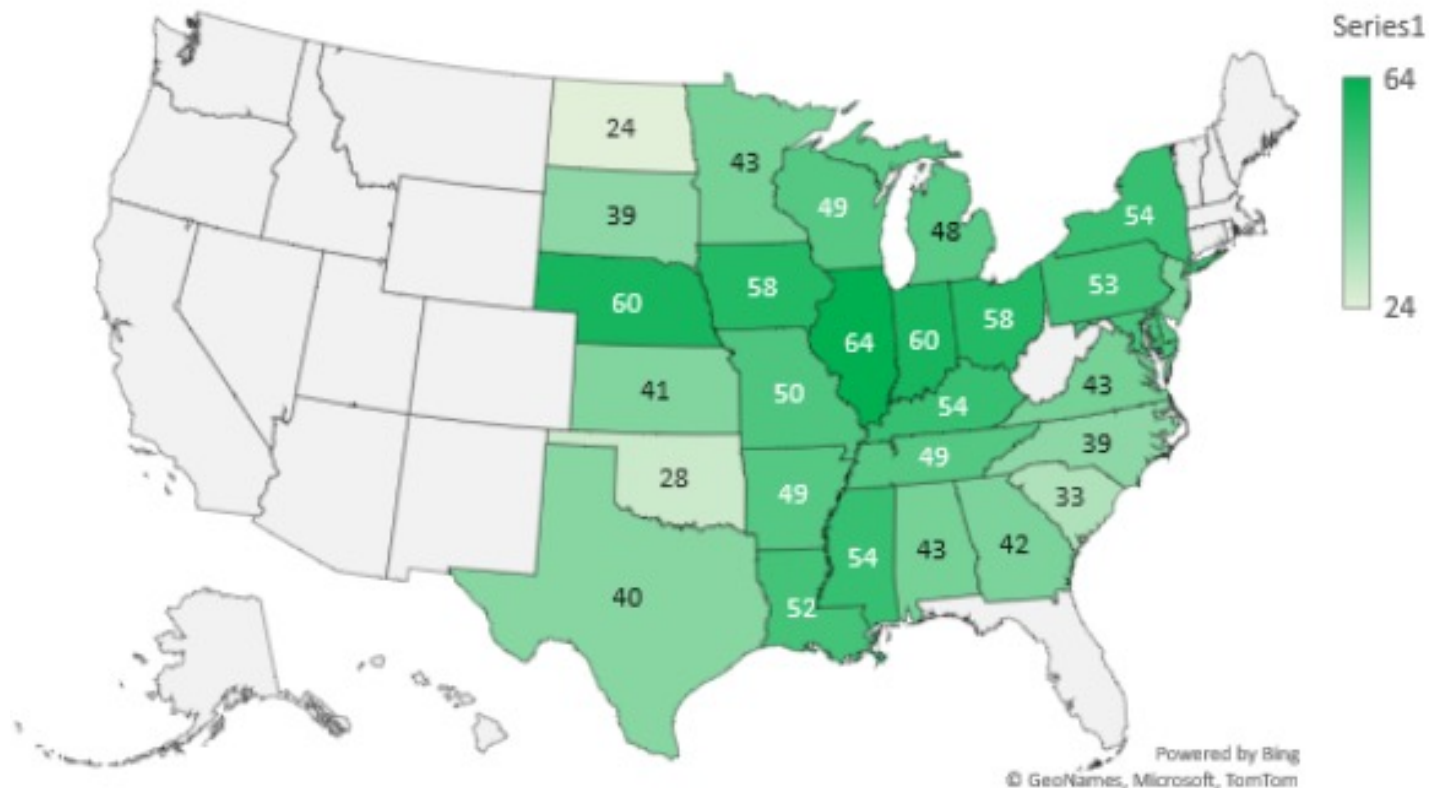
# Bean Outlook



# Bean Outlook

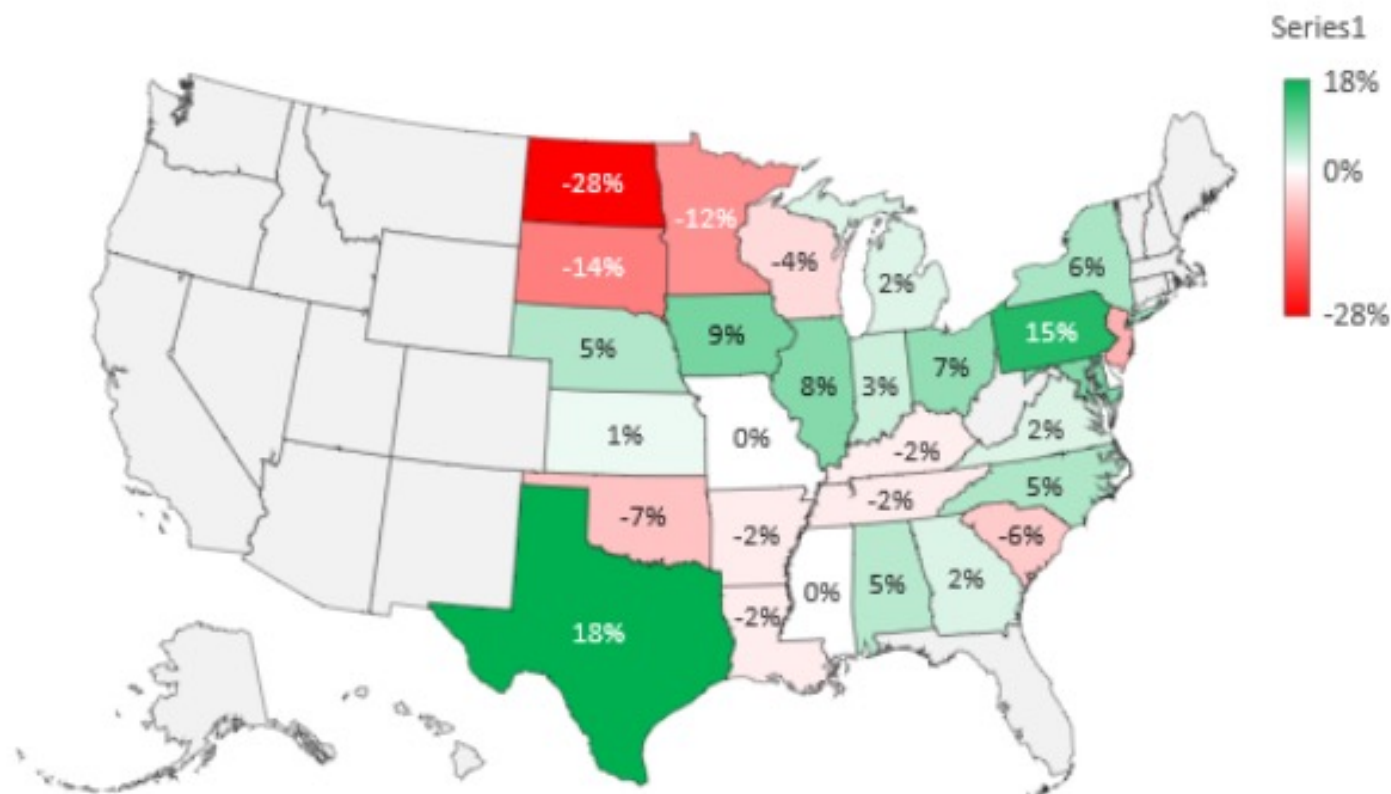


## USDA NASS August 2021 Soybean Yield Estimate



# Bean Outlook

## Percent Change in Soybean Yield: 2021 August USDA- NASS to Final 2020 Yield





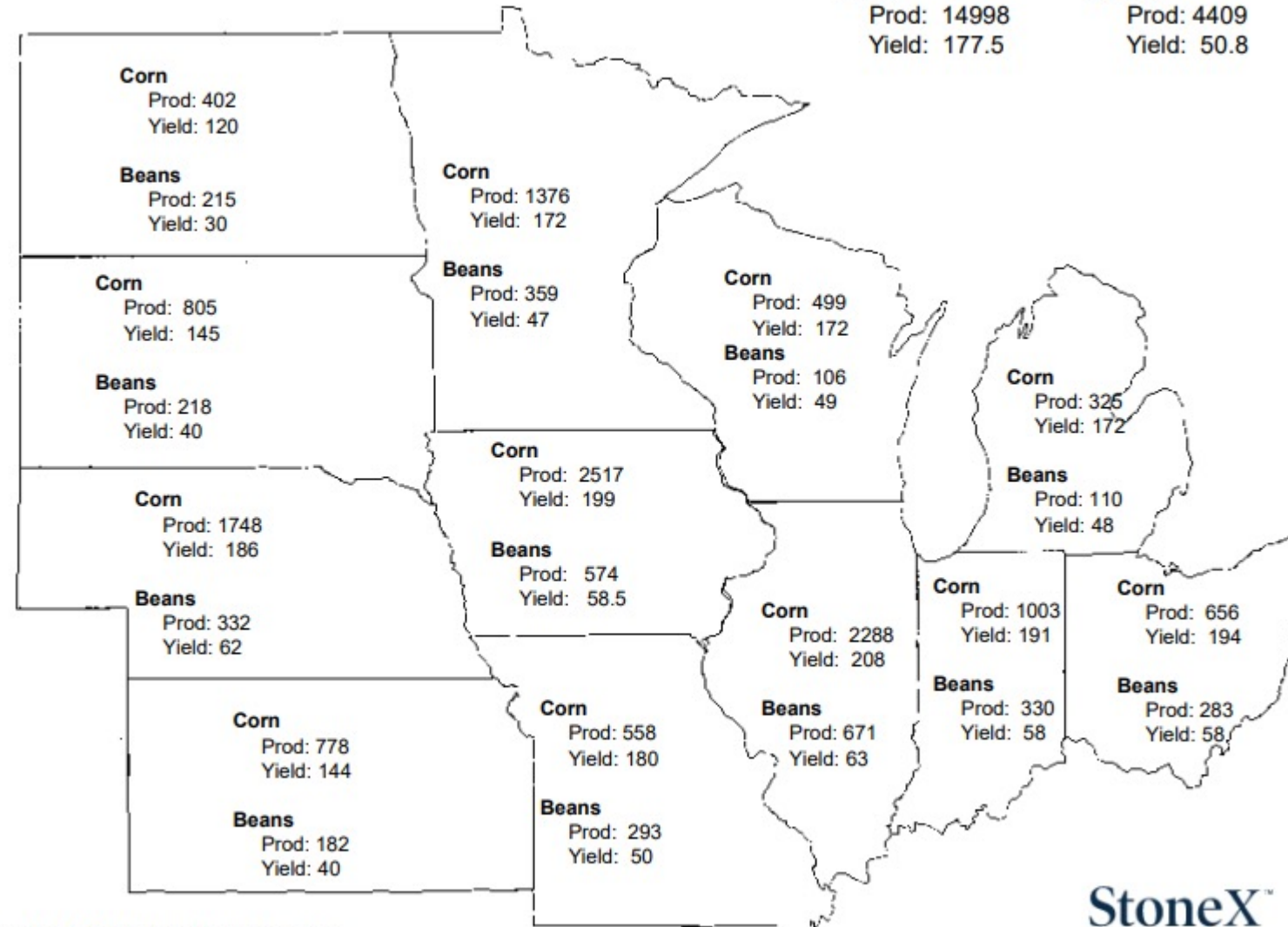
# Bean Outlook

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September 2, 2021

## September 2021 StoneX Survey

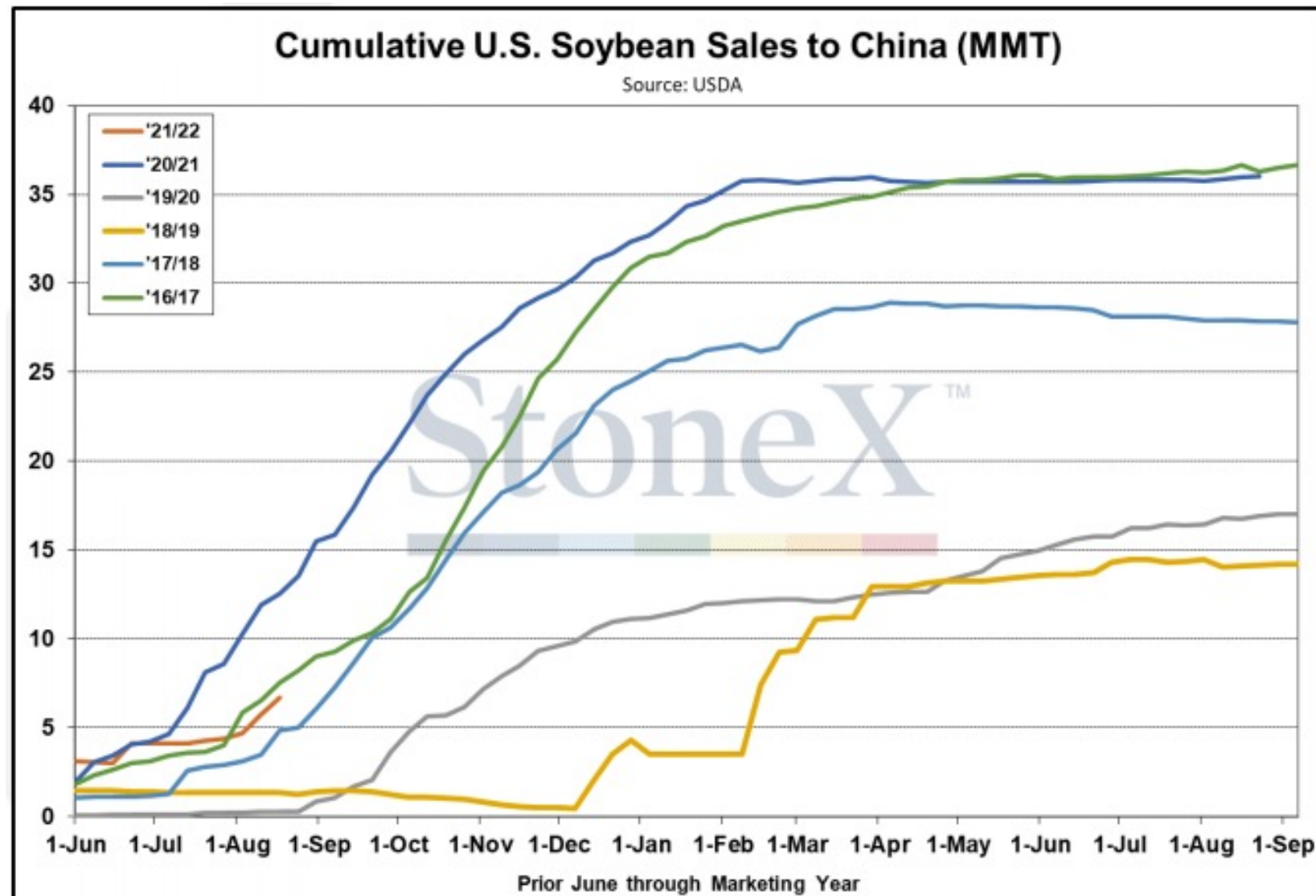
YIELD	CORN			SOYBEANS		
	USDA AUG	StoneX AUG	StoneX SEP	USDA AUG	StoneX AUG	StoneX SEP
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1. Estimate of USDA **Final** production number.
2. Assumes USDA harvested acres.
3. Assumes normal frost dates.

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# Bean Outlook



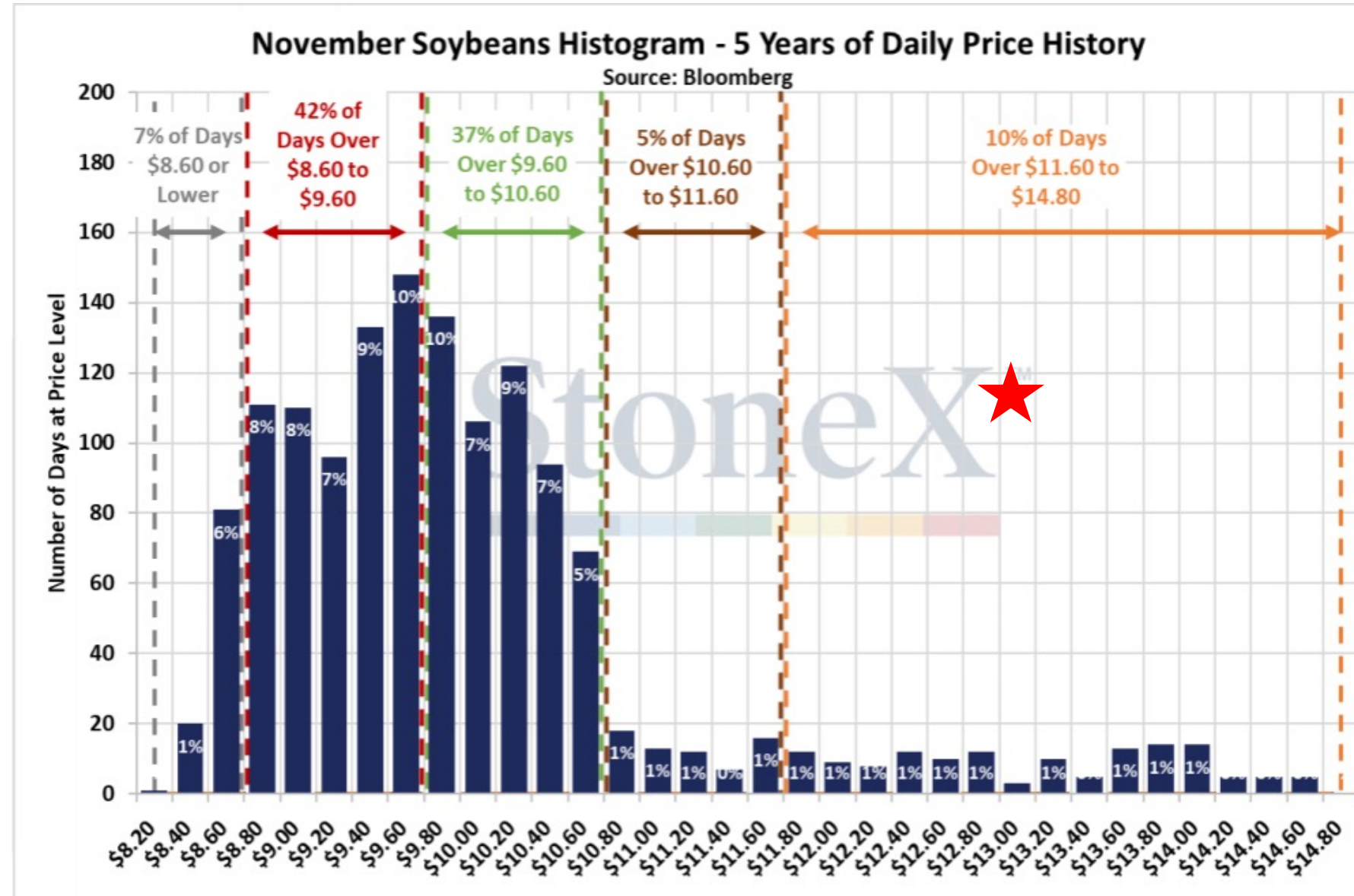
# BLANS Report Review



	JULY USDA 21/22	AUG USDA 21/22	ALT 21/22	ALT 21/22
Planted	87.6	87.6	87.6	87.6
Harvested	86.7	86.7	86.7	86.8
Yield	50.8	50.0	49.0	50.8
Carry-in	135	160	160	160
Imports	35	35	35	35
<u>Production</u>	<u>4405</u>	<u>4339</u>	<u>4249</u>	<u>4410</u>
Total Supply	4575	4534	4444	4605
Crush	2225	2205	2205	2205
Exports	2075	2055	2055	2055
Seed	104	104	104	104
<u>Residual</u>	<u>15</u>	<u>14</u>	<u>14</u>	<u>14</u>
Total Use	4420	4379	4379	4379
Carryout	155	155	65	226
Carryout/Use	3.5%	3.5%	1.5%	5.2%

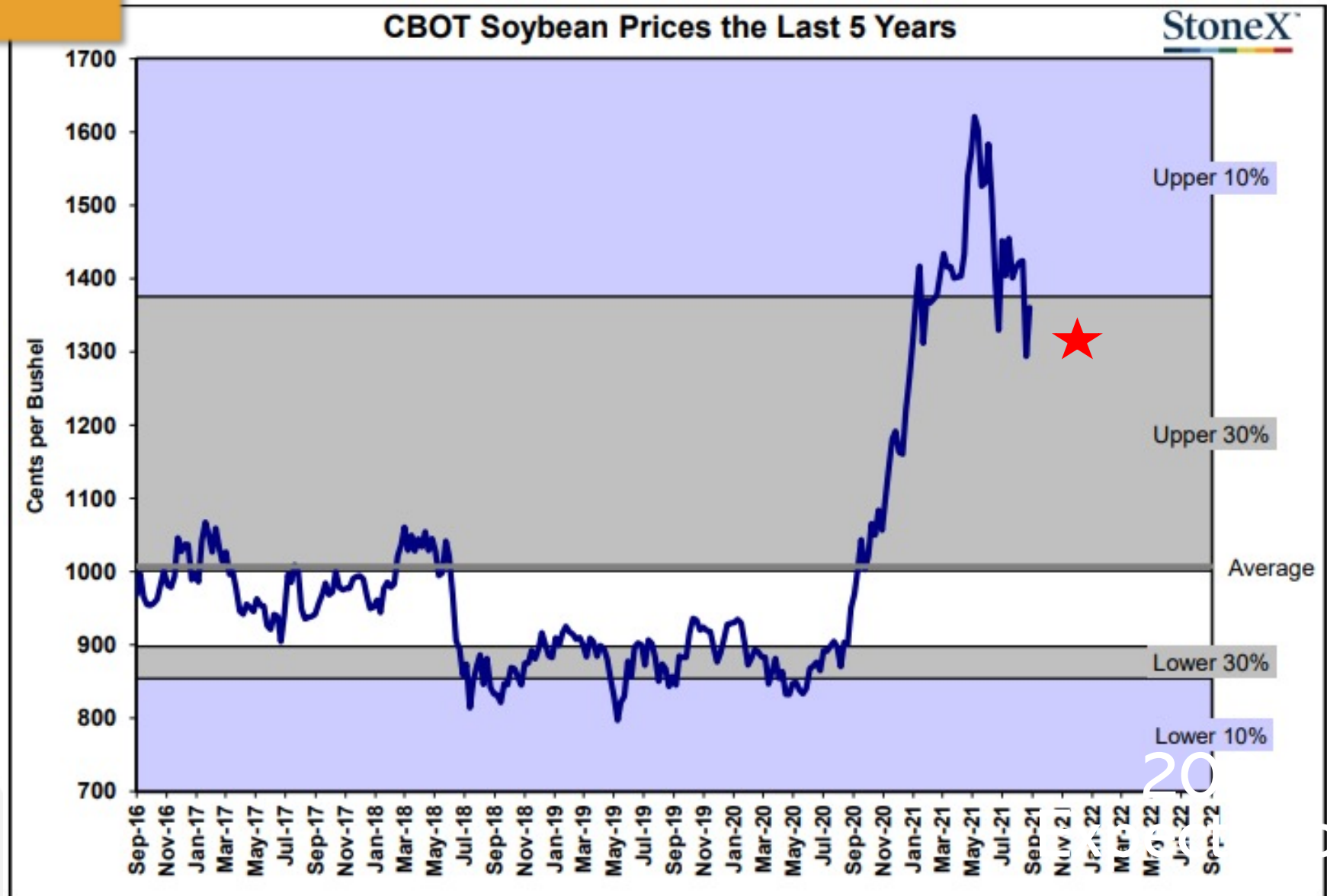
Source: USDA

# Bean Outlook

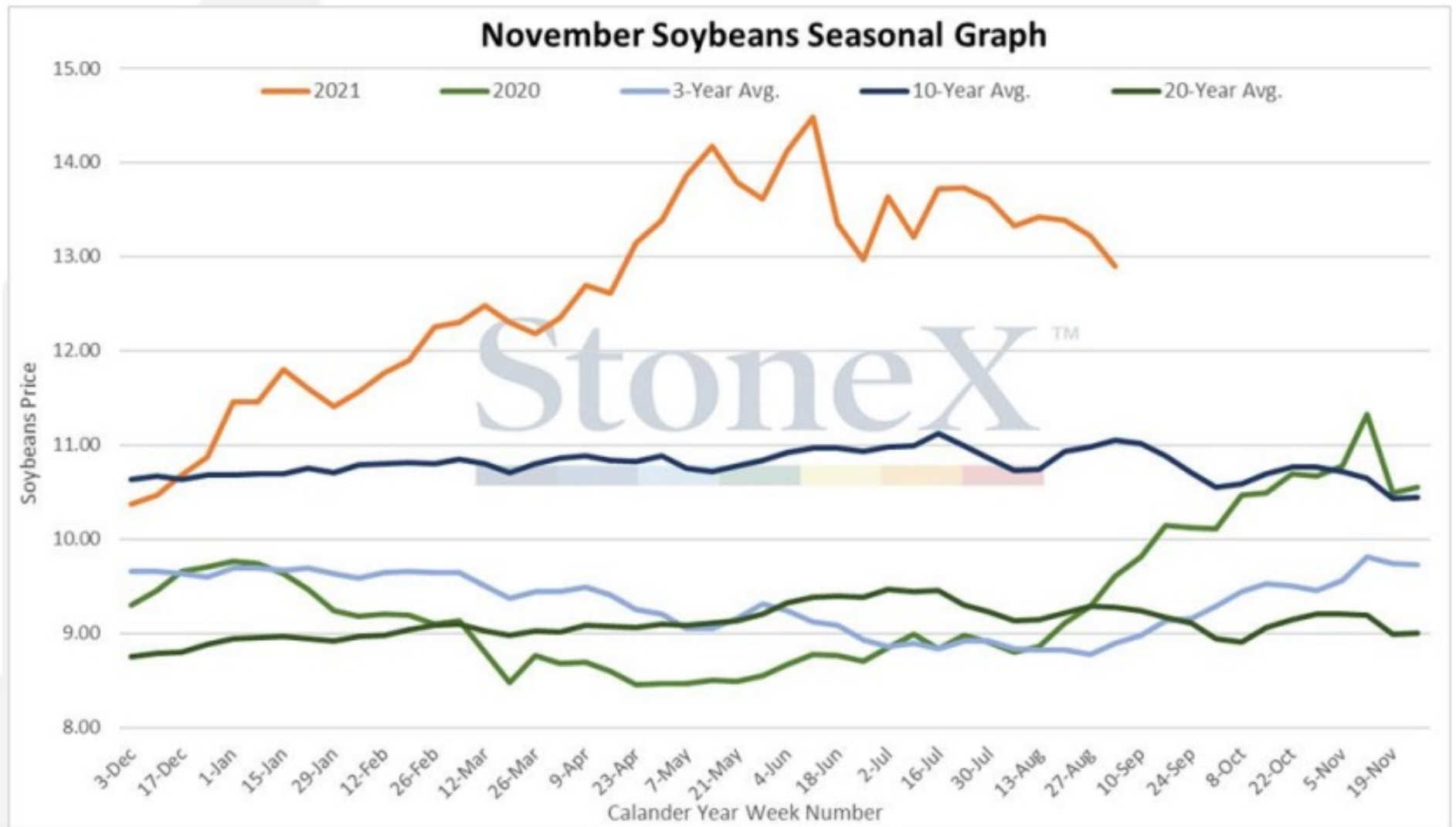




# Bean Outlook



# Bean Outlook



# Bean Outlook

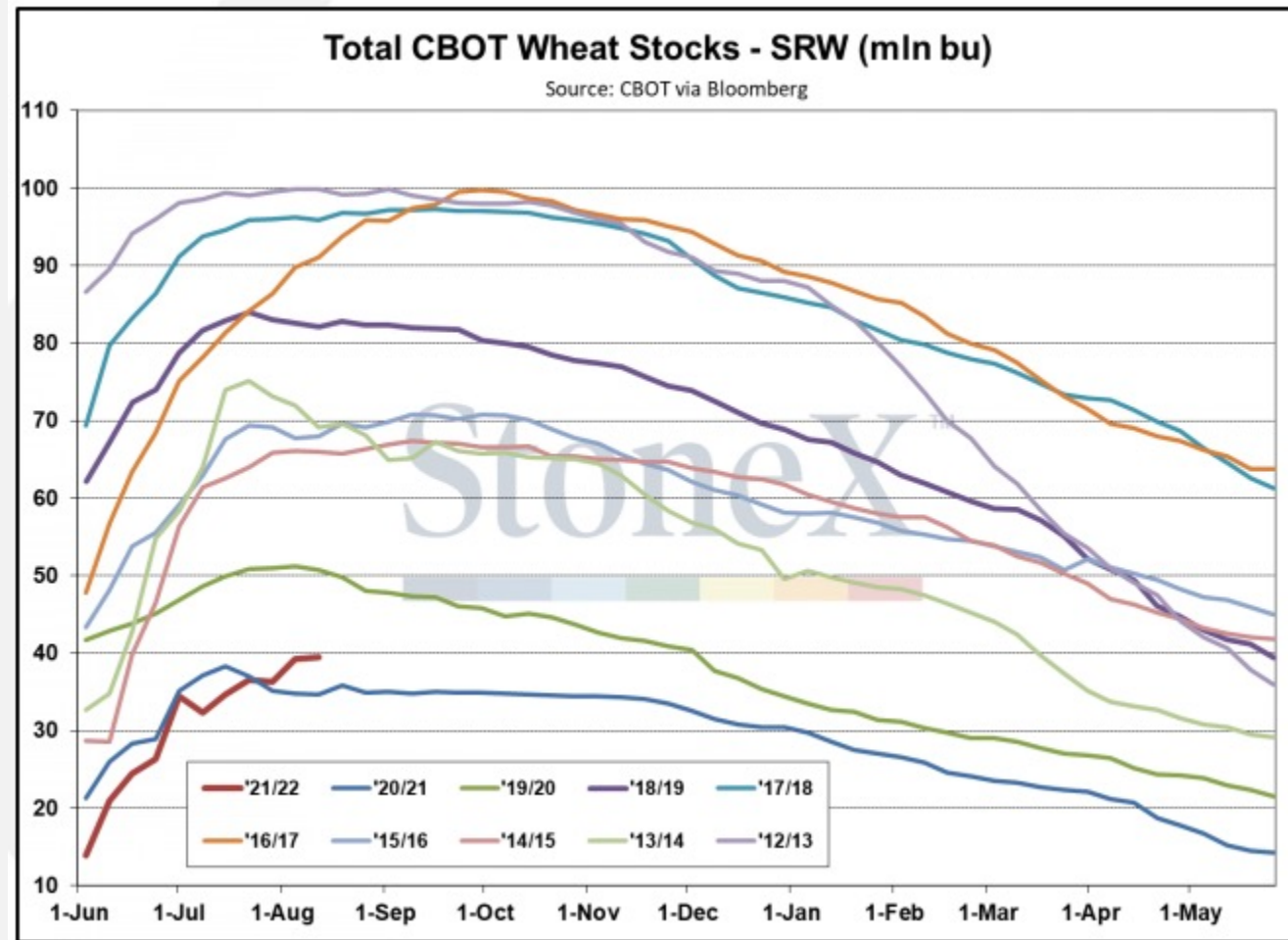


# Wheat USDA Review



	JULY USDA 21/22	AUG USDA 21/22
Planted	46.7	46.7
Harvested	38.1	38.1
Yield	45.8	44.5
Carry-in	844	844
Production	1746	1697
<u>Imports</u>	<u>145</u>	<u>145</u>
Total Supply	2735	2686
Food	963	962
Exports	875	875
Seed	62	62
<u>Residual</u>	<u>170</u>	<u>160</u>
Total Use	2070	2059
Carryout	665	627

# Wheat USDA Review

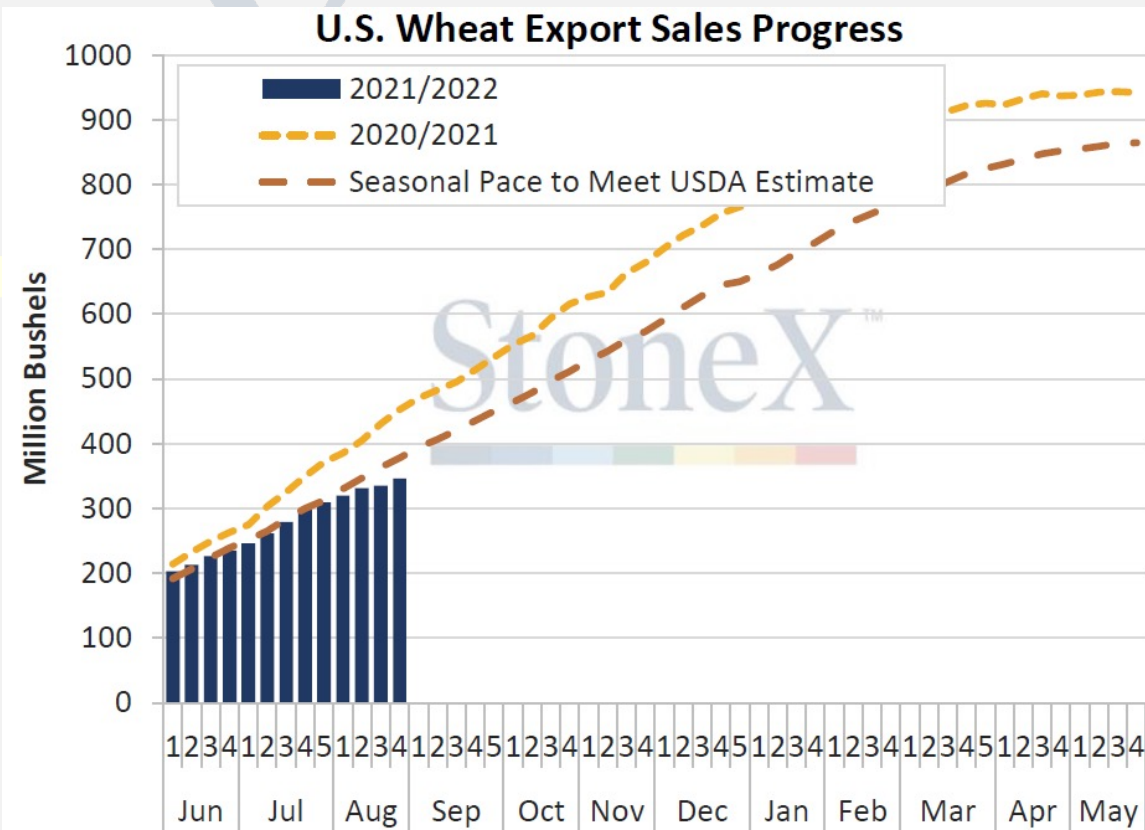




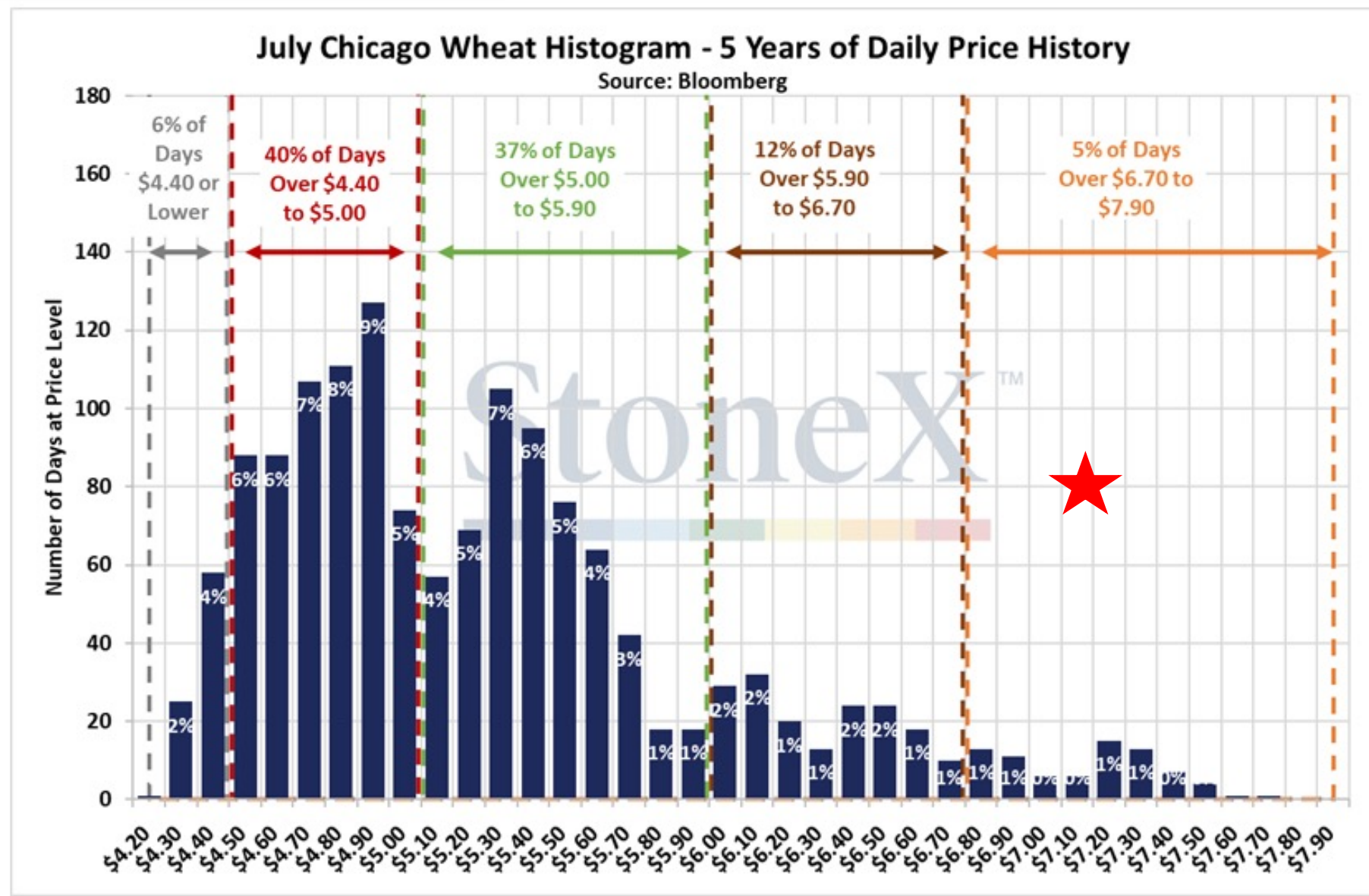
# Wheat USDA Review

## Million Bushels

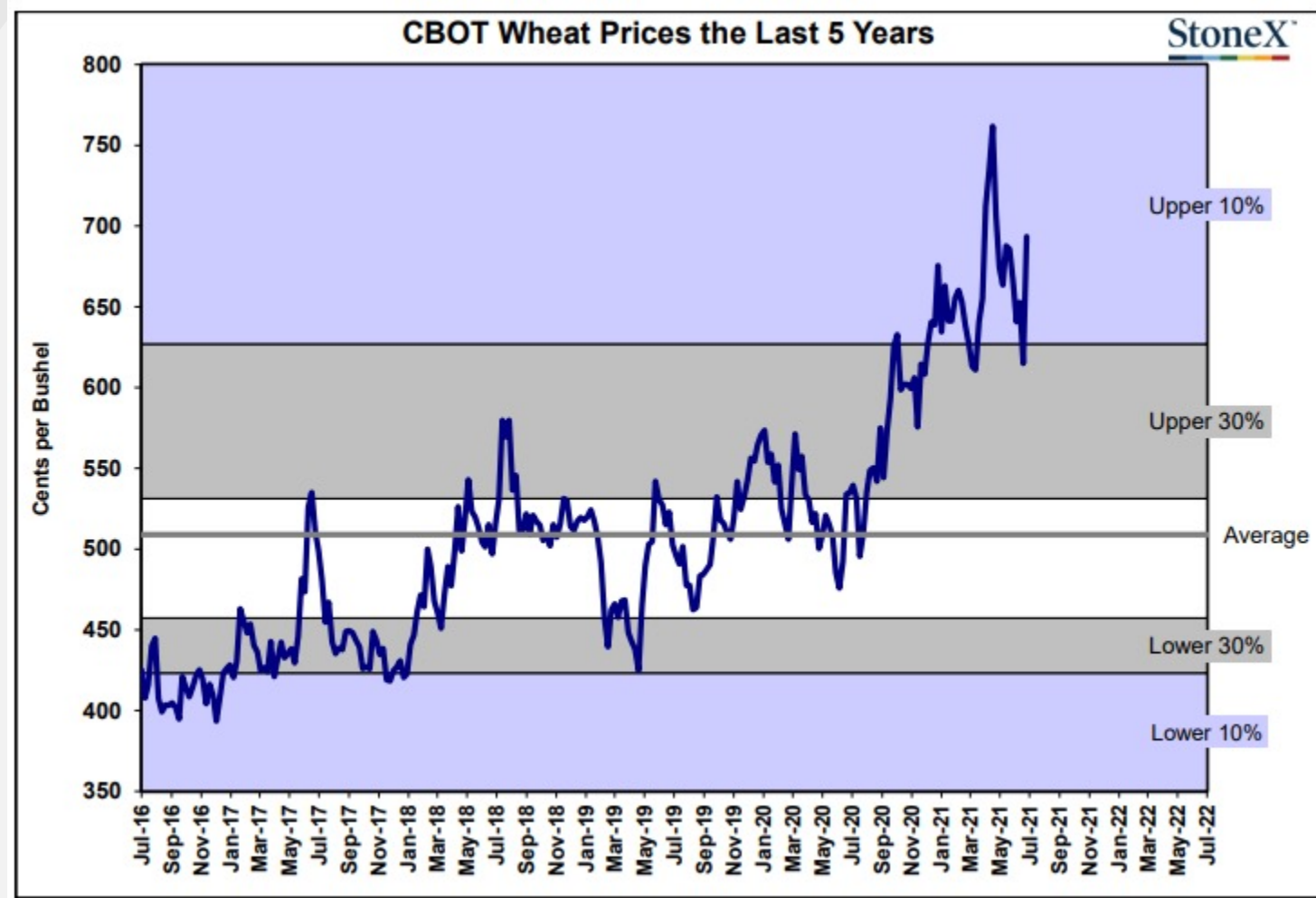
8/26/2021	21/22	20/21	19/20	18/19	17/18	16/17	5YA
<b>EXPORT SALES (OLD CROP)</b>							
Sales this Week	<b>10.9</b>	21.5	11.5	14.0	19.7	10.3	15.4
Marketing YTD Sales	<b>346</b>	452	419	344	444	435	419
USDA Export Estimate	<b>875</b>	992	969	937	906	1,051	971
% of USDA Exp. Est. Sold	<b>40%</b>	46%	43%	37%	49%	41%	43%
Seasonal Pace Needed to Meet USDA Estimate	<b>378</b>	<i>(43% of the USDA Export Estimate)</i>					
<b>Above/Below Pace By</b>	<b>-31.6</b>	<i>(4% Below the USDA Export Estimate)</i>					
USDA Production Est.	<b>1,697</b>	1,826	1,932	1,885	1,741	2,309	1,939
% of USDA Prod. Est. Sold	<b>20%</b>	25%	22%	18%	26%	19%	22%
<b>EXPORT SHIPMENTS</b>							
Shipments this Week	<b>15.3</b>	17.8	20.5	10.5	26.4	21.8	19.4
Marketing YTD Shipments	<b>199</b>	234	237	182	262	229	229



# Wheat Outlook

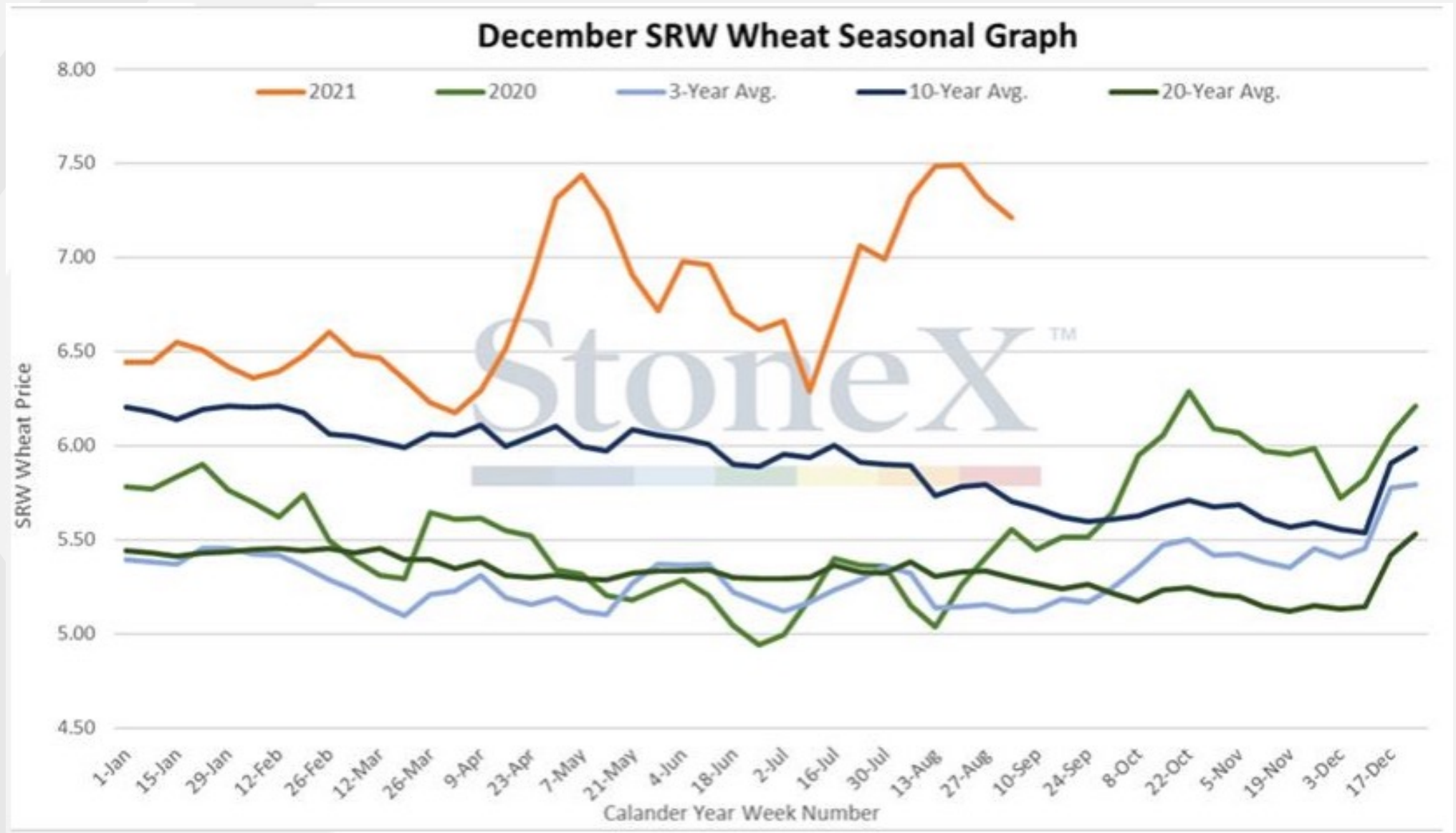


# Wheat Outlook





# Wheat Outlook



# What should I Carry?

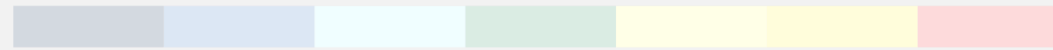


**Should I carry Corn or Beans?**

**What is Basis telling me?**

**AND**

**What are spreads telling me?**

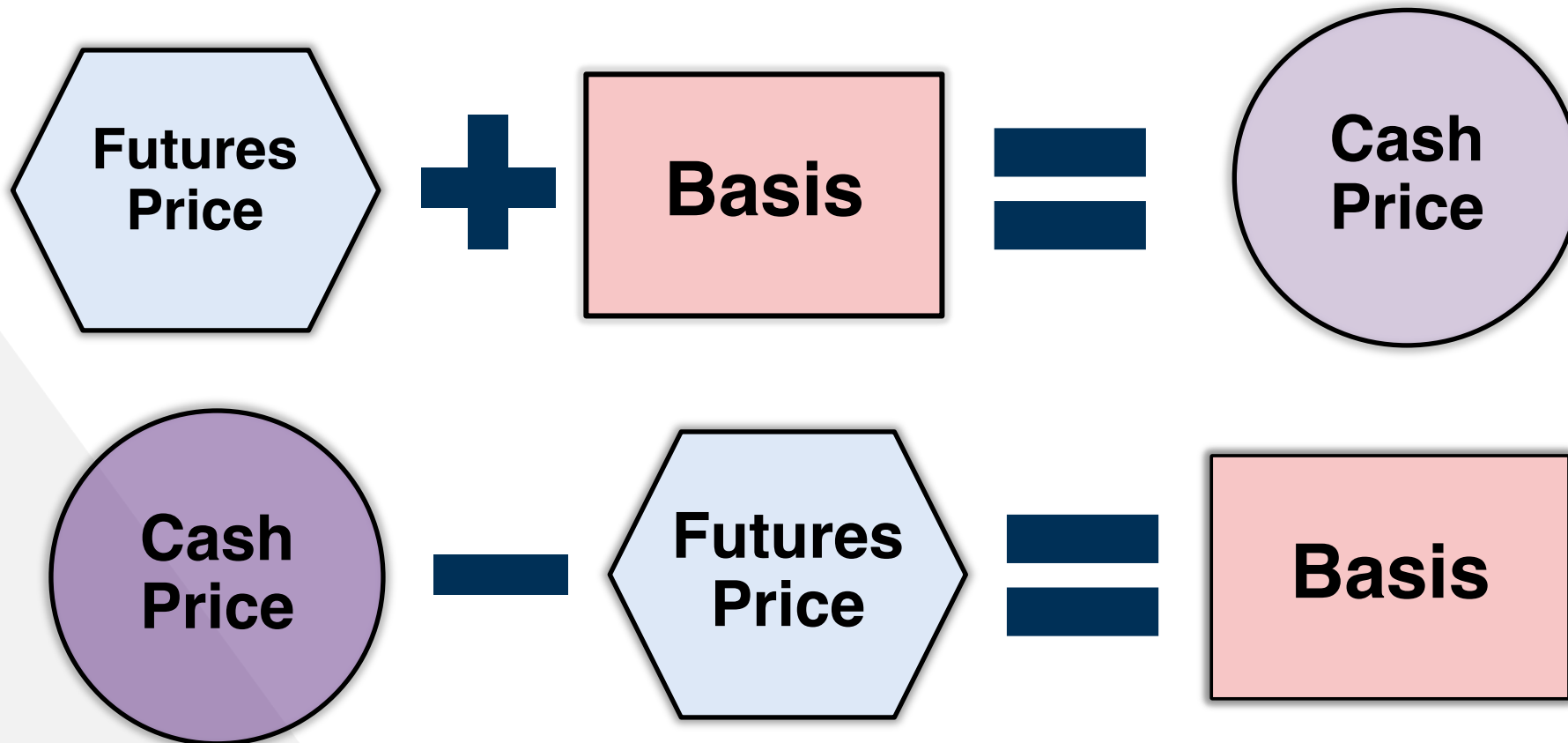


# What should I Carry?



## What is Basis??

The difference between the LOCAL cash price and the futures (CBOT) price for a specific delivery period.



# What should I Carry?



Basis

Strong Basis  
( narrow )

+ 100

+ 80

+ 60

+ 40

+ 20

0

- 20

- 40

- 60

- 80

- 100

Weak Basis  
( wide )

**SELL Physical** Commodity  
When Basis is Strong

\$5.00 CBOT December Corn

\$4.60 Local Cash Price

**BUY Physical** Commodity  
When Basis is Weak



# What should I Carry?



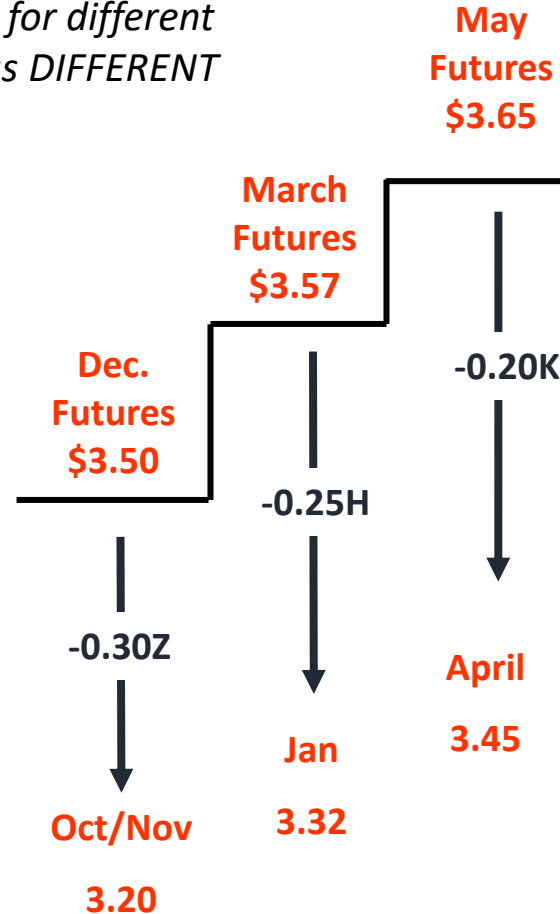
## Basis Values

*If you look at your elevator's cash bids there is often different basis levels posted for different time periods. These are also versus DIFFERENT FUTURES months!*

*It is VITAL to know which futures month your company's basis is referencing.*

### FUTURES PRICES:

### CASH BIDS:







Q: When is the MOST corn available in the US?

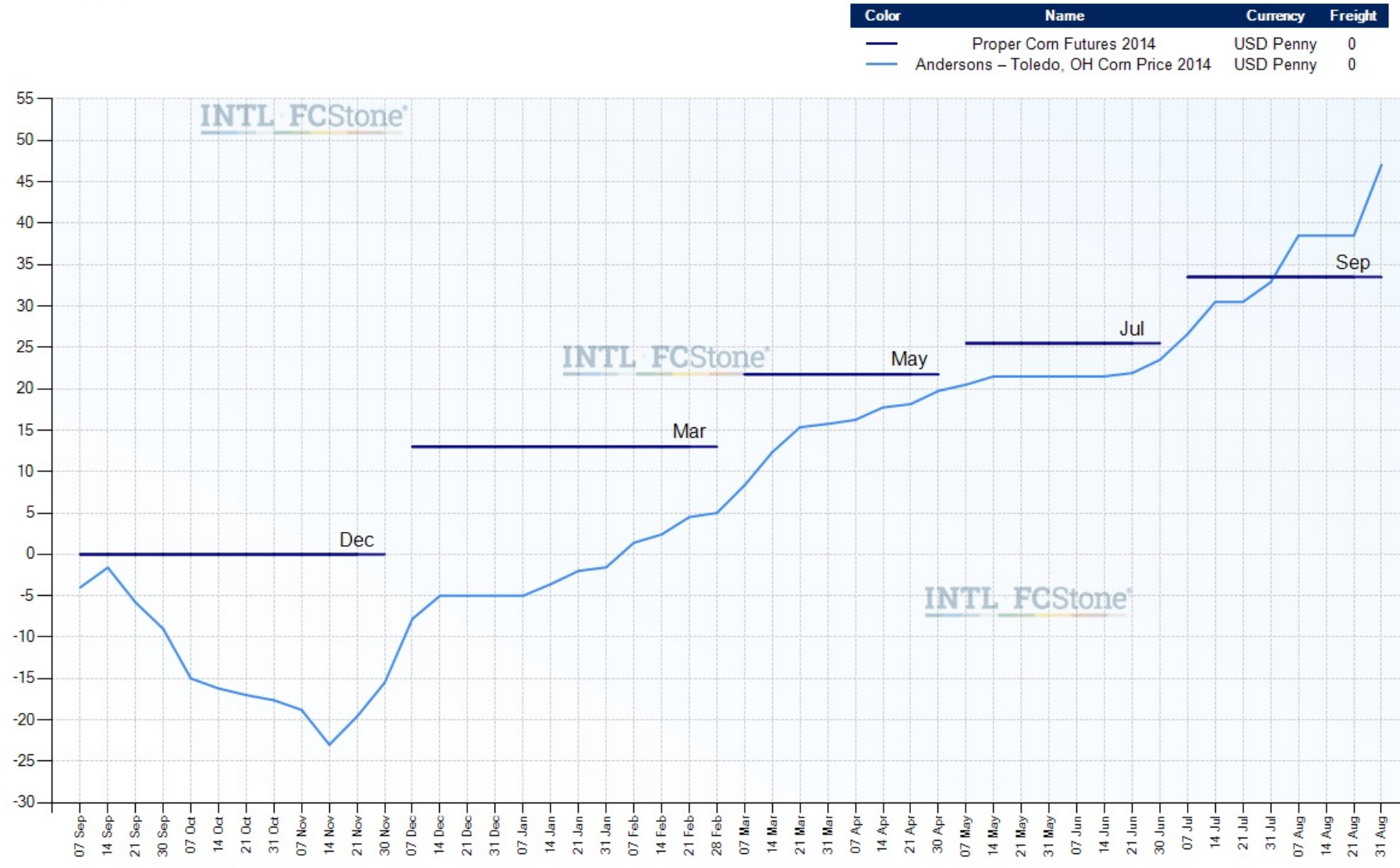


Q: When is the LEAST corn available in the US?



Q: When should I try to SELL as much corn as possible?

# What should I Carry?



# What should I Carry?

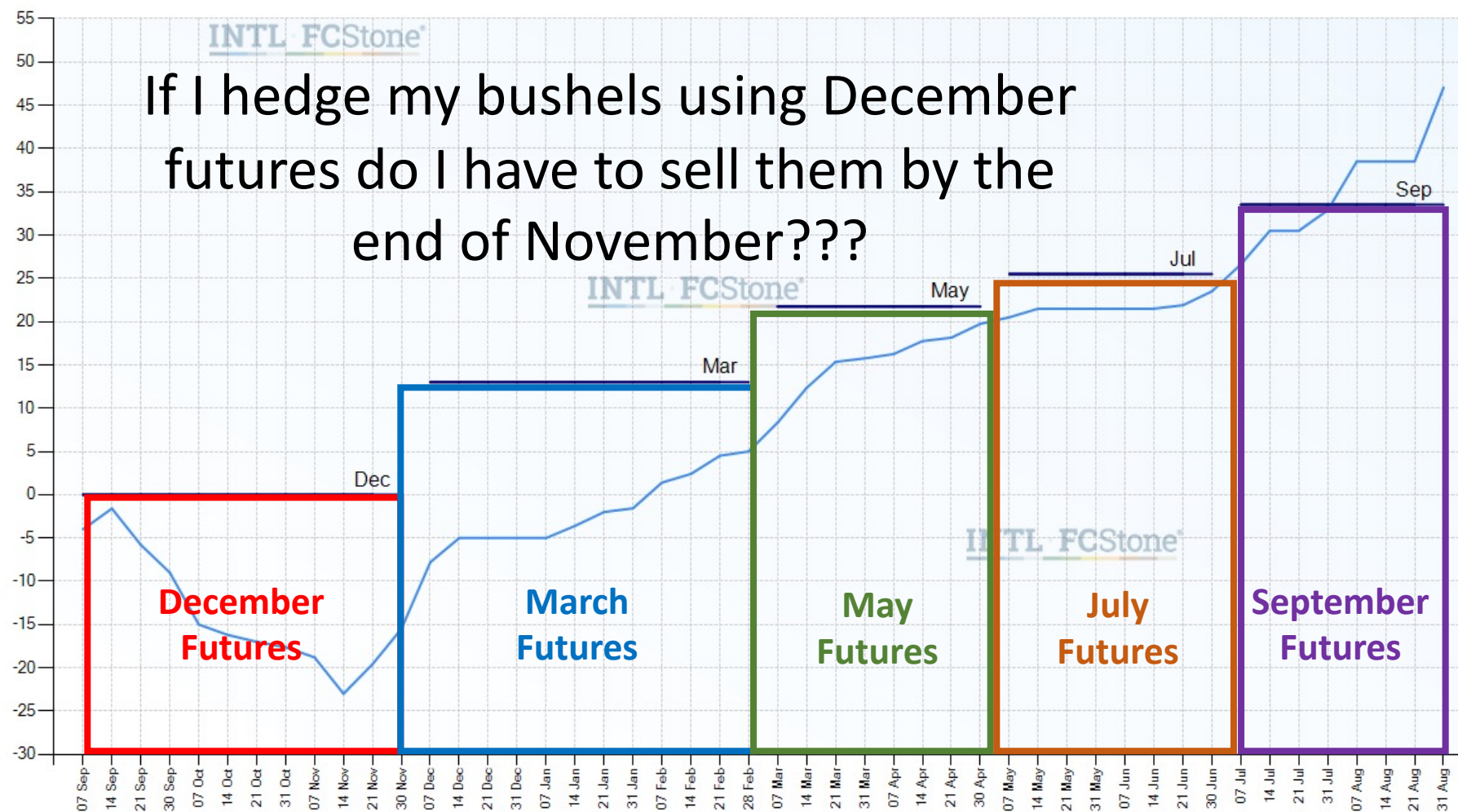
## Basis - Review



- NOT the 'Elevator's Cut'
  - -40Z – Does NOT mean the elevator is making 40 cents a bushel!
- Seasonality
- Function of local supply/demand and transportation to our preferred selling outlet.
  - Just because our nearest neighbor is paying +10Z DOES NOT mean we HAVE to be paying the same thing!
- Can be versus DIFFERENT futures months!
- As a farmer I want HIGHER (less negative) basis
- An elevator wants to purchase grain at a WIDER/WEAKER (more negative) basis and later sell that grain at a narrower/stronger (less negative) value.



Color	Name	Currency	Freight
—	Proper Corn Futures 2014	USD Penny	0
—	Andersons – Toledo, OH Corn Price 2014	USD Penny	0



NO!

# What should I Carry?



## Spreads

- Spreads are simply the difference in price between two futures months of the same commodity.
- Can be positive or negative.
- Negative spread represents a “Carry Market”
- Positive spread represents an “Inverted Market”

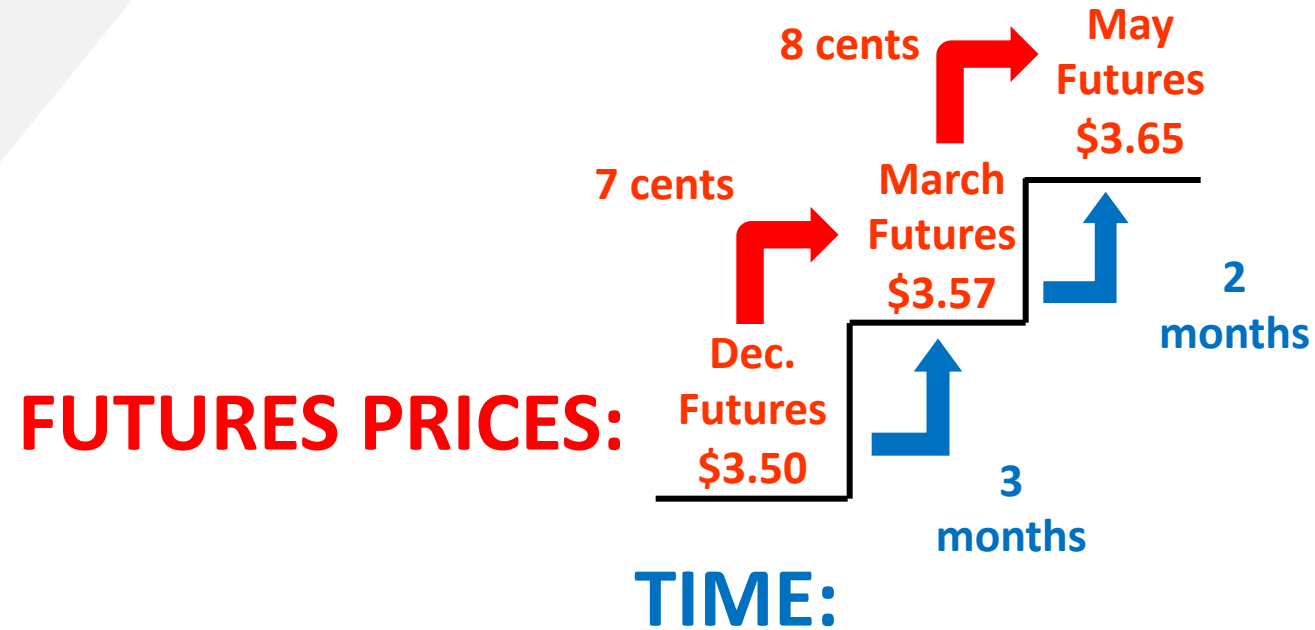
Nearby — Deferred = Spread



# What should I Carry?



## Market Carry



*The Market is PAYING you to CARRY (hold on to) the grain until a later time.*

$$\text{\$3.50} - \text{\$3.57} = \text{\$-.07}$$



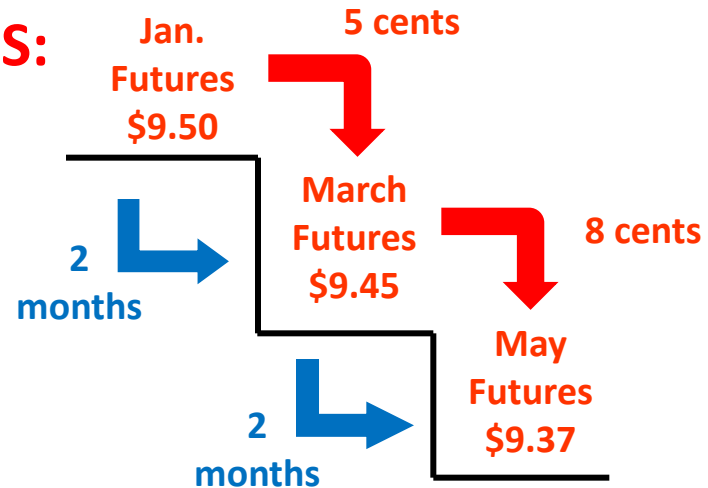
# What should I Carry?



## Market Inverse

### FUTURES PRICES:

TIME:



*SOMETIMES the prices for LATER futures months is LOWER than the nearby months.*

*The Market is telling you that it wants the grain to be marketed NOW and NOT LATER.*

$$\text{\$3.50} - \text{\$3.40} = +.10$$

# What should I Carry?



## EXAMPLE -2018

### CORN

October 1, 2018

CZ18 Futures = \$3.56

CN19 Futures = \$3.90

Greenville, OH @ -32Z = \$3.24

34 cent CARRY CZ to SN

-66 CN19

### BEANS

October 1, 2018

SX18 Futures = \$8.57

SN19 Futures = \$9.07

Sidney, OH @ -50X = \$8.07

50 cent CARRY SX to SN

-1.00 SN19

# What should I Carry?



## EXAMPLE -2018

### CORN

June 30, 2019

~~CZ18 Futures = \$3.56~~

CN19 Futures = \$4.20

Greenville, OH @ +.45N

\$4.65 cash

**-66 CN19 to + 45N**  
**+ \$1.11**

### BEANS

June 30, 2019

~~SX18 Futures = \$8.57~~

SN19 Futures = \$9.00

Sidney, OH @ -0.15N

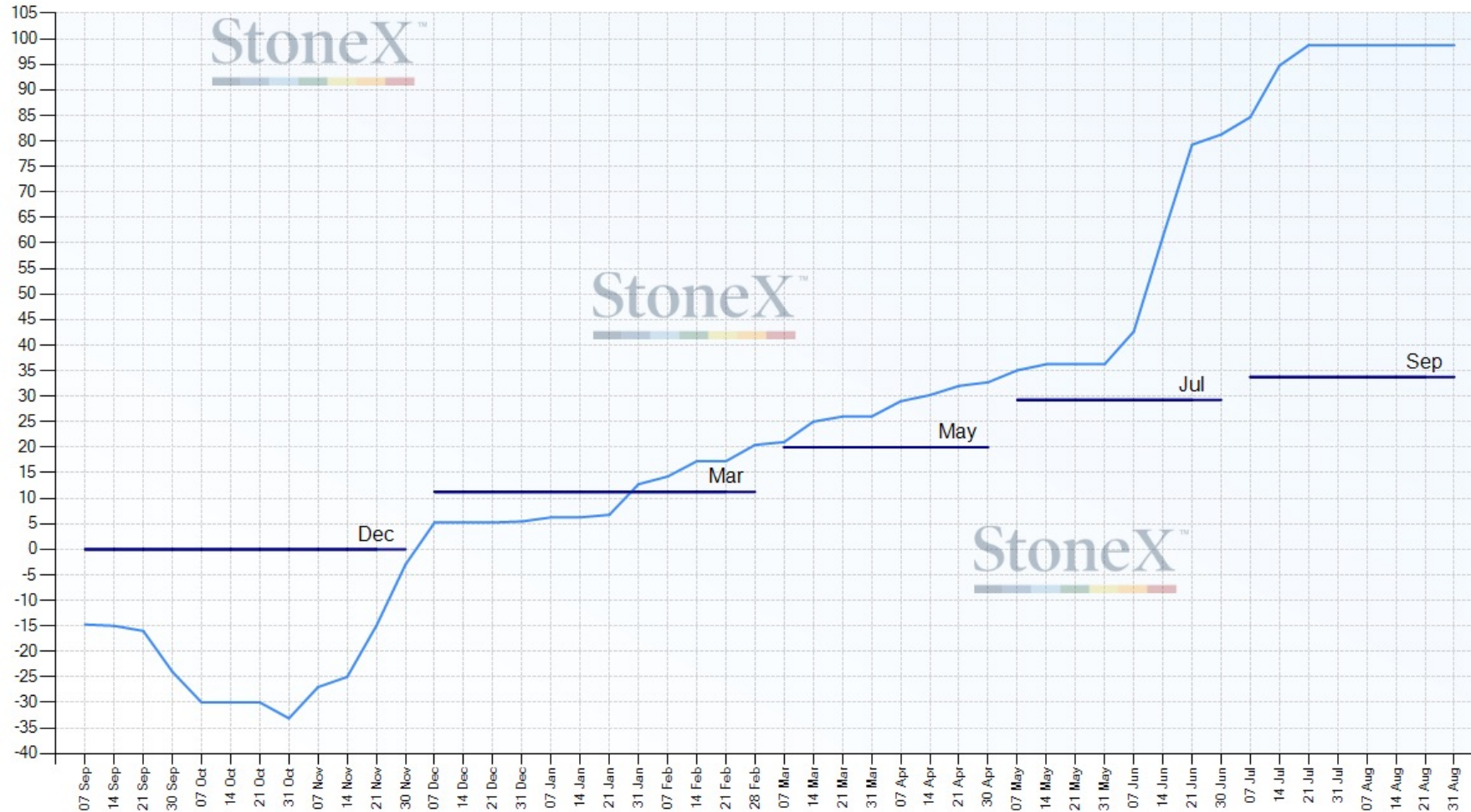
\$8.85 cash

**-1.00 SN19 to -15 SN19**  
**+\$0.85**

# What should I Carry?

StoneX™

## Greenville 2018 Crop year

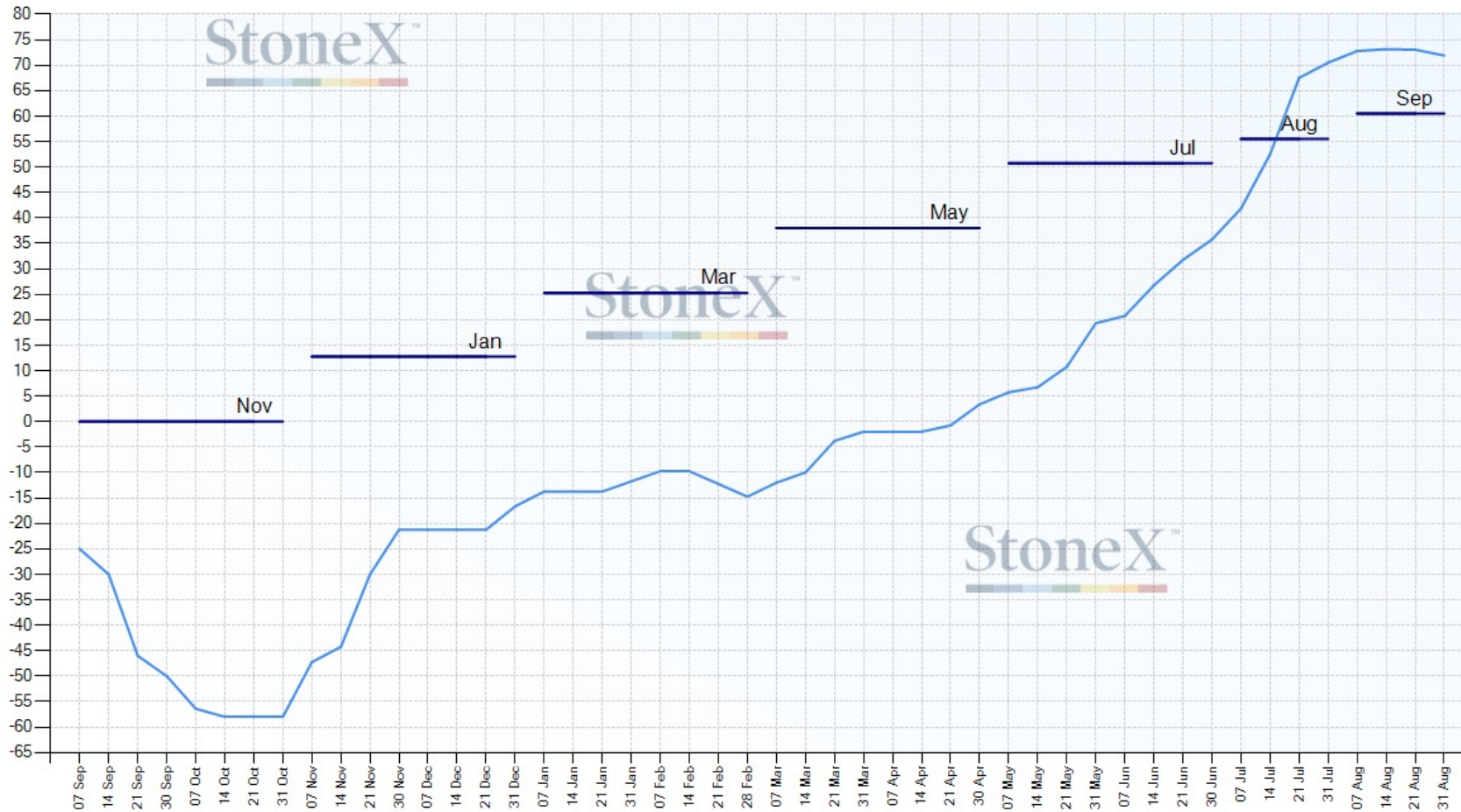


# What should I Carry?

StoneX™

## Sidney 2018 Crop year

Color	Name	Currency	Freight
—	Proper Soybeans Futures 2018	USD Penny	0
—	Sidney, OH - Cargill Soybeans Price 2018	USD Penny	0





# What should I Carry?



## EXAMPLE -2021

### CORN

September 1, 2021

CZ21 Futures = \$5.22

CN22 Futures = \$5.38

Greenville, OH @ -20Z = \$5.02

16 cent CARRY CZ to SN

-36 CN22

### BEANS

September 2, 2021

SX21 Futures = \$12.77

SN22 Futures = \$13.04

Sidney, OH @ -25X = \$12.52

27 cent CARRY SX to SN

-52 SN19

# What should I Carry?



## Should I carry Corn or Beans?

### What is Basis telling me?

- What basis levels are posted today for deferred shipment?
- What do I expect basis levels to do in the future for those delivery periods?

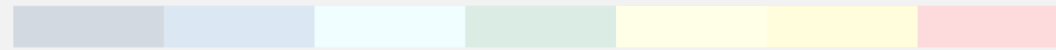
### What are spreads telling me?

- Where are spreads today?
- What do I expect spreads to do in the future?



**Questions?**

StoneX<sup>TM</sup>



**THANK YOU!**

**Bailey Elchinger**

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Risk Management Consultant

Bailey.Elchinger@stonex.com

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